

**LAKEVIEW
SPECIAL SERVICE AREA #27**

**FINANCIAL STATEMENTS
December 31, 2013 and 2012**

**LAKEVIEW
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**FINANCIAL STATEMENTS
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INDEX

<u>FINANCIAL STATEMENTS</u>	<u>Page</u>
Independent Auditor's Report	1-2
Statements of Financial Position December 31, 2013 and 2012	3
Statements of Activities - For the Years Ended December 31, 2013 and 2012	4
Statements of Activities - Budget vs. Actual - For the Years Ended December 31, 2013 and 2012	5
Statements of Cash Flows - For the Years Ended December 31, 2013 and 2012	6
Notes to the Financial Statements - For the Years Ended December 31, 2013 and 2012	7-10
Summary Schedule of Audit Findings For the Year Ended December 31, 2013	11

Independent Auditor's Report

To the Commissioners
Lakeview Special Service Area #27

We have audited the accompanying financial statements of Lakeview Special Service Area #27, which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, cash flows for the years 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 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lakeview Special Service Area #27 as of December 31, 2013 and 2012, and its statements of activities, 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 2013 and 2012 budget amounts, which were arrived at by Lakeview Special Service Area #27 and are shown in the Statements of Activities Budget and Actual, are presented for comparison purposes only. We have not performed any auditing procedures on the 2013 and 2012 budget amounts, and therefore, express no opinion on them.

Eilts & Associates, Inc.

EILTS & ASSOCIATES, INC.

Chicago, Illinois

April 25, 2014

**LAKEVIEW
SPECIAL SERVICE AREA #27**

**STATEMENTS OF FINANCIAL POSTION
December 31, 2013 and 2012**

ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash	\$ 75,898	\$ 83,670
Prepaid expenses	<u>76,717</u>	<u>21,925</u>
Total current assets	<u>152,615</u>	<u>105,595</u>
TOTAL ASSETS	<u>\$ 152,615</u>	<u>\$ 105,595</u>

LIABILITIES AND NET ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES		
Accounts payable	<u>\$ 46,184</u>	<u>\$ 36,535</u>
Total current liabilities	<u>46,184</u>	<u>36,535</u>
TOTAL LIABILITIES	46,184	36,535
NET ASSETS		
Unrestricted net assets	<u>106,431</u>	<u>69,060</u>
Total net assets	<u>106,431</u>	<u>69,060</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 152,615</u>	<u>\$ 105,595</u>

The accompanying notes are an integral part of the financial statements

**LAKEVIEW
SPECIAL SERVICE AREA #27**

**STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2013 and 2012**

	2013	2012
REVENUES		
Real Estate tax	\$ 836,921	\$ 765,684
Less: loss collections	(79,947)	(27,456)
Interest income	21	9
Total revenue	756,995	738,237
 SERVICES		
Advertising and promotion	154,542	133,664
Public way maintenance	89,257	89,680
Public way aesthetics	233,740	212,482
Tenant retention / attract	-	14,000
Façade improvements	29,850	38,400
Parking / transit / access	2,561	13,749
District planning	22,401	14,811
Total services	532,351	516,786
 ADMINISTRATION		
Personnel	151,094	140,784
Non Personnel:		
Annual report	4,977	6,000
Audit / bookkeeping	2,500	2,500
Bookkeeping	1,713	1,469
Meeting expense	1,125	700
Office equipt purch/maint	3,000	1,200
Office rent	9,270	9,000
Office supplies	4,025	1,447
Office utilities / telephone	3,750	1,200
Postage	3,750	6,500
Office printing	1,250	1,000
Bank service charges	150	65
Subscriptions/dues	669	500
Interest expense	-	6,108
Total non personnel admin	36,179	37,689
Total administration	187,273	178,473
Total expenses	719,624	695,259
 INCREASE IN NET ASSETS	37,371	42,978
 NET ASSETS, BEG OF YEAR	69,060	26,082
 NET ASSETS, END OF YEAR	\$ 106,431	\$ 69,060

The accompanying notes are an integral part of the financial statements

**LAKEVIEW
SPECIAL SERVICE AREA #27**

**STATEMENTS OF ACTIVITIES - BUDGET vs. ACTUAL
For the Years Ended December 31, 2013 and 2012**

	2013			2012		
	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
REVENUES						
Real Estate tax	\$ 823,739	\$ 836,921	\$ 13,182	\$ 765,684	\$ 765,684	\$ -
Less: loss collection	(39,000)	(79,947)	(40,947)	(22,500)	(27,456)	(4,956)
Interest income	-	21	21	-	9	9
Total revenue	<u>784,739</u>	<u>756,995</u>	<u>(27,744)</u>	<u>743,184</u>	<u>738,237</u>	<u>(4,947)</u>
SERVICES						
Advertising and promotion	156,000	154,542	1,458	130,000	133,664	(3,664)
Public way maintenance	91,000	89,257	1,743	95,000	89,680	5,320
Public way aesthetics	282,000	233,740	48,260	209,000	212,482	(3,482)
Tenant retention / attract	-	-	-	16,000	14,000	2,000
Façade improvements	30,000	29,850	150	75,000	38,400	36,600
Parking / transit / access	9,500	2,561	6,939	30,000	13,749	16,251
Safety programs	-	-	-	6,000	-	6,000
District planning	23,500	22,401	1,099	15,000	14,811	189
Total services	<u>592,000</u>	<u>532,351</u>	<u>59,649</u>	<u>576,000</u>	<u>516,786</u>	<u>59,214</u>
ADMINISTRATION						
Personnel	151,094	151,094	-	133,224	140,784	(7,560)
Non Personnel:						
Annual report	5,000	4,977	23	6,000	6,000	-
Audit	3,000	2,500	500	3,500	2,500	1,000
Bookkeeping	1,500	1,713	(213)	1,500	1,469	31
Meeting expense	1,125	1,125	-	560	700	(140)
Office equip/maint	3,000	3,000	-	1,200	1,200	-
Office rent	9,270	9,270	-	9,000	9,000	-
Office supplies	4,000	4,025	(25)	1,500	1,447	53
Office utilities	3,750	3,750	-	1,200	1,200	-
Postage	3,750	3,750	-	6,500	6,500	-
Office printing	1,250	1,250	-	1,000	1,000	-
Bank service charges	1,500	150	1,350	1,500	65	1,435
Subscriptions/dues	1,250	669	581	500	500	-
Legal fees	2,500	-	2,500	-	-	-
Monitoring/compliance	750	-	750	-	-	-
Interest	-	-	-	-	6,108	(6,108)
Total non personnel	<u>41,645</u>	<u>36,179</u>	<u>5,466</u>	<u>33,960</u>	<u>37,689</u>	<u>(3,729)</u>
Total administration	<u>192,739</u>	<u>187,273</u>	<u>5,466</u>	<u>167,184</u>	<u>178,473</u>	<u>(11,289)</u>
Total expenses	<u>784,739</u>	<u>719,624</u>	<u>65,115</u>	<u>743,184</u>	<u>695,259</u>	<u>47,925</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ -</u>	<u>\$ 37,371</u>	<u>\$ (37,371)</u>	<u>\$ -</u>	<u>\$ 42,978</u>	<u>\$ (42,978)</u>
NET ASSETS, BEG OF YEAR		<u>69,060</u>			<u>26,082</u>	
NET ASSETS, END OF YEAR		<u>\$ 106,431</u>			<u>\$ 69,060</u>	

The accompanying notes are an integral part of the financial statements

**LAKEVIEW
SPECIAL SERVICE AREA #27**

**STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2013 and 2012**

	2013	2012
Cash Flows from Operating Activities:		
Net income	\$ 37,371	\$ 42,978
Adjustments to reconcile net income to net cash provided by operations:		
(Increase)/Decrease in:		
Prepaid expenses	(54,792)	(12,678)
Increase/(Decrease) in:		
Accounts payable	9,649	28,344
Net Cash Provided (Used) by Operating Activities	(7,772)	58,644
Net Increase (Decrease) in Cash	(7,772)	58,644
Cash at the beginning of year	83,670	25,026
Cash at the end of year	\$ 75,898	\$ 83,670
Interest paid	\$ -	\$ 6,108

The accompanying notes are an integral part of the financial statements

**LAKEVIEW
SPECIAL SERVICE AREA #27**

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2013 and 2012**

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – Lakeview 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 – Ravenswood to Racine, Lincoln – Addison to Diversey, 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.

**LAKEVIEW
SPECIAL SERVICE AREA #27**

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2013 and 2012**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES –
(Continued)**

Financial Statement Presentation – The Taxing District is required to present information regarding its financial position and activities according to Article 3.07 of the Agreement for Special Service Area #27 between the City of Chicago and Lakeview Chamber of Commerce. As of December 31, 2013 and 2012, the Taxing District had unrestricted assets of \$106,431 and \$69,060, respectively.

Income Taxes – The Taxing District's sole service provider – Lakeview Chamber of Commerce is a not-for-profit organization that is exempt from federal income taxes according to Internal Revenue Code 501 (c) (6).

Subsequent Events – Subsequent events have been evaluated through April 25, 2014, which is the date the financial statements were available to be issued.

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, 2013 at each bank.

**LAKEVIEW
SPECIAL SERVICE AREA #27**

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2013 and 2012**

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. For the years ending December 31, 2013 and 2012, SSA #27 paid Lakeview Chamber of Commerce \$240,542 and \$167,184, respectively, for service provided support. As of December 31, 2013 and 2012, the taxing district prepaid Lakeview Chamber of Commerce in the amount of \$72,647 and \$18,197, respectively. Per Lakeview Chamber of Commerce, SSA #27 sole service provider, they have instituted a repayment plan to resolve the prepaid / advanced management fee and administrative costs.

NOTE 5 – PREPAID EXPENSES

Prepaid expenses at December 31, 2013 and 2012, consists of prepaid portion of liability and workers compensation insurance premiums of \$4,070 and \$3,728, respectively. The prepaid amount also included \$72,647 and \$18,197 of prepayments/advances to Lakeview Chamber of Commerce (See Note 4).

NOTE 6 – INTEREST EXPENSES

During 2012, SSA#27 incurred and paid interest expenses of \$6,108, to Lakeview Chamber of Commerce. Lakeview Chamber of Commerce acquired a line of credit from a financial institution to fund the SSA#27 during 2012 and therefore incurring this interest expense. Funding to SSA #27's was needed to maintain the agreed upon services for 2012, due to the delay in its receipt of the first installment of property taxes from the County from March 2012 to July 2012.

**LAKEVIEW
SPECIAL SERVICE AREA #27**

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2013 and 2012**

NOTE 7 – BUDGET TRANSFERS

During 2013, SSA#27 Commissioners approved the following budget transfers: increase of \$34,000, from \$248,000 to \$282,000, in Public Way Aesthetics, increase of \$31,000, from \$125,000 to \$156,000, in Advertising and Promotion, increase of \$10,000, from \$13,500 to \$23,500, in District planning, decrease of \$49,000, from \$79,000 to \$30,000, in Facade Improvements, decrease of \$16,000, from \$16,000 to \$0, in Tenant Retention/Attraction, and decrease of \$10,000, from \$101,000 to \$91,000, in Public Way Maintenance.

The overall 2013 SSA#27 budget did not change, therefore did not warrant additional approval from City Council.

**LAKEVIEW
SPECIAL SERVICE AREA #27**

**SUMMARY OF SCHEDULE OF AUDIT FINDINGS
For the Year Ended December 31, 2013**

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, 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