

CITY OF CHICAGO
SPECIAL SERVICE AREA NUMBER 14
FINANCIAL STATEMENTS
For the Year ended December 31, 2014

TABLE OF CONTENTS

	<u>Page</u>
ACCOUNTANTS' REPORT ON FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Governmental Funds Balance Sheet/Statement of Net Position	4
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities	5
Statement of Governmental Fund Revenues and Expenditures: Budget and Actual	6
Notes to the Financial Statements	7
Summary Schedule of Audit Findings	10



CP
PARTNERS

CP Partners, LLC
975 Ponderosa Ln
Hoffman Estates, IL 60010

Independent Auditor's Report

To the Commissioners
of the City of Chicago Special Service Area Number 14
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the City of Chicago Special Service Area Number 14, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Special Service Area's 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 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 opinions 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 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 financial statement 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the City of Chicago Special Service Area Number 14 as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgeted amounts for 2014 show in the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance and Statement of Activity are presented for purposes of additional analysis and are not required part of the financial statements but are required by the City of Chicago Department of Housing and Economic Development. Such information was arrived at by the City of Chicago Department of Housing and Economic Development and the City of Chicago Special Service Area Number 14.



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We have not performed any auditing procedures on the budget amounts and therefore, express no opinion on them. The summary schedule of audit findings is a requirement of the City of Chicago Department of Housing and Economic Development and not a required part of the basic financial statements. The City of Chicago requires we disclose any exceptions to the contract between the City and the Special Service Area.

CP PARTNERS, LLC

CP Partners, LLC
Hoffman Estates, Illinois
April 27, 2015

**City of Chicago Special Service Area Number 14
 Governmental Funds Balance Sheet/Statement of Net Position
 December 31, 2014**

	General Fund	Adjustments (Note 2)	Statement of Net Position
ASSETS			
Cash	\$6,973		\$6,973
Total assets	\$6,973		\$6,973
LIABILITIES			
Accounts payable	\$0		\$0
Total liabilities	\$0		\$0
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	\$0		\$0
Unavailable revenue	0		0
Total deferred inflows of resources	\$0		\$0
FUND BALANCES/NET POSITION			
Fund balances:			
Unassigned	\$6,973		\$6,973
Total fund balances	\$6,973		\$6,973
Total liabilities, deferred inflows of resources, and fund balances	\$6,973		\$6,973
Net position:			
Unrestricted			\$6,973
Total net position			\$6,973

City of Chicago Special Service Area Number 14
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund
Balance/Statement of Activities
For the Year Ended December 31, 2014

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
Revenues:			
Real Estate taxes	\$416,510		\$416,510
Interest	81		81
	<hr/>		
Total revenues	\$416,591		\$416,591
	<hr/>		
Expenditures/expenses:			
Advertising & Promotion			
Public/Media Relations	\$100		\$100
Total Advertising & Promotion	\$100		\$100
	<hr/>		
Safety Programs			
Surveillance Cameras/Maintenance	\$20,169		\$20,169
Security Subcontractor	342,236		342,236
Total Safety Programs	\$362,405		\$362,405
	<hr/>		
Operational and Administrative Support			
Audit	\$4,250		\$4,250
Bookkeeping	4,000		4,000
Utilities/Telephone	10,424		10,424
Office Supplies	20		20
Office Equipment	3,651		3,651
Bank Fees	1,375		1,375
Service Provider Administrative Support	30,000		30,000
Miscellaneous	290		290
Total Operational and Administrative Support	\$54,010		\$54,010
	<hr/>		
Total expenditures/expenses	\$416,515		\$416,515
	<hr/>		
Excess/deficiency of revenues over expenditures	\$76		\$76
	<hr/>		
Other financing sources and uses:	\$0		\$0
	<hr/>		
Excess/deficiency of revenues and transfers in over(under) expenditures and transfers out	\$76		\$76
	<hr/>		
Change in net position	\$76		
	<hr/>		
Fund balances/net position			
Beginning of year	\$6,897		
End of year	<u>\$6,973</u>		

City of Chicago Special Service Area Number 14
Statement of Governmental Fund Revenues and Expenditures: Budget and Actual
For the Year Ended December 31, 2014

	2014 Actual	2014 Budget	Variance Over (Under)
Revenues:			
Real Estate taxes	\$416,510	\$506,085	-\$89,575
Interest	81	0	81
Total revenues	\$416,591	\$506,085	-\$89,494
Expenditures/expenses:			
Advertising & Promotion			
Website/Social Media	\$0	\$5,000	-\$5,000
Public/Media Relations	100	3,000	-2,900
Print Materials	0	2,500	-2,500
Informational Handouts	0	2,500	-2,500
Total Advertising & Promotion	\$100	\$13,000	-\$12,900
Public Way Aesthetics			
Decorative Banners	\$0	\$10,000	-\$10,000
Total Advertising & Promotion	\$0	\$10,000	-\$10,000
Tenant Retention/Attraction			
Site Marketing	\$0	\$10,000	-\$10,000
Tenant Retention Technical Assistance	0	7,500	-7,500
Total Tenant Retention/Attraction	\$0	\$17,500	-\$17,500
Safety Programs			
Surveillance Cameras/Maintenance	\$20,169	\$11,500	\$8,669
Security Subcontractor	342,236	356,610	-14,374
Total Safety Programs	\$362,405	\$368,110	-\$5,705
District Planning			
SSA Designation	\$0	\$5,000	-\$5,000
Economic Impact Study	0	23,500	-23,500
Total Tenant Retention/Attraction	\$0	\$28,500	-\$28,500
Operational and Administrative Support			
Service Provider Administrative Support	\$30,000	\$40,692	-\$10,692
SSA Annual Report	0	2,000	-2,000
Audit	4,250	5,000	-750
Bookkeeping	4,000	5,040	-1,040
Utilities/Telephone	10,424	15,120	-4,696
Office Rent	0	7,200	-7,200
Office Supplies	20	2,040	-2,020
Office Equipment	3,651	5,040	-1,389
Office Printing	0	2,550	-2,550
Postage	0	4,500	-4,500
Meeting Expense	0	1,500	-1,500
Subscriptions/Dues	0	500	-500
Bank Fees	1,375	1,440	-65
Monitoring/Compliance	0	2,250	-2,250
Miscellaneous	290	4,020	-3,730
Total Operational and Administrative Support	\$54,010	\$98,892	-\$44,882
Contingency	\$0	\$70,000	-\$70,000
Total expenditures/expenses	\$416,515	\$606,002	-\$189,487
Excess/deficiency of revenues over expenditures	\$76	-\$99,917	\$99,993
Other financing sources and uses:	\$0	\$0	\$0
Excess/deficiency of revenues and transfers in over/(under) expenditures and transfers out	\$76	-\$99,917	\$99,993
Change in net position	\$76	-\$99,917	\$99,993
Fund balances/net position			
Beginning of year	\$6,897		
End of year	\$6,973		

The notes to the financial statements are an integral part of this statement.

**CITY OF CHICAGO SPECIAL SERVICE AREA NUMBER 14
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 1. Summary of Significant Accounting Policies

The accounting policies of the City of Chicago Special Service Area Number 14 (SSA 14) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity and Nature of the Organization

SSA 14 was created by the City of Chicago (City) to provide additional services to the area of Marquette Park neighborhood. The primary source of funds is from real estate taxes on property in the SSA. The SSA generates revenue for the sole purpose of hiring and coordinating the efforts of a licensed security firm which attempts to reduce the number of illegal incidences occurring in the Marquette Park area. As required by generally accepted accounting principles, these financial statements present SSA 14, a legally separate entity for which the SSA is financially accountable.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government.

Fund Financial Statements: The fund financial statements provide information about SSA 14's fund.

The SSA reports one major governmental fund:

General Fund. The General Fund is the general operating fund of the SSA. The General Fund accounts for all financial resources. The primary revenue sources are real estate taxes. The primary expenditures are for public safety.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements: The government-wide fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Based on information provided by the Department of Housing and Economic Development, the recognition of revenues by the SSA when received would be considered within generally accepted accounting principles.

**CITY OF CHICAGO SPECIAL SERVICE AREA NUMBER 14
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures generally are recorded when the related fund liability is incurred.

D. Cash and Cash Equivalents

Cash and cash equivalents are held in the name of SSA 14 as required by the City of Chicago. All cash and earnings on such are to be used only as allowed by the city.

E. Net Position/Fund Balances

Net Position: Net position in government-wide fund financial statements is classified as unrestricted as of December 31, 2014.

Fund Balances: In the governmental fund financial statements, the fund balance as of December 31, 2014 is unassigned.

F. Estimates

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Income Taxes

SSA 14 is an entity established pursuant to the Constitution of the State of Illinois and enacted by ordinance established by the City Council of the City of Chicago. The SSA is not a separate entity for tax purposes and is not required to file federal or state tax returns.

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental funds' balance sheet does not include a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position as there are no adjustments as of December 31, 2014.

The governmental funds' statement of revenues, expenditures, and changes in fund balances does not include a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities as there are no adjustments for the year ended December 31, 2014.

**CITY OF CHICAGO SPECIAL SERVICE AREA NUMBER 14
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 3. Net Position

Should the City decide to terminate the SSA, any funds remaining in the checking account are required to be returned to the City. The City is required to use the returned funds to provide services to the SSA area.

NOTE 4. Related Party Transactions

Lithuanian Human Services Council of the USA, Inc. (LHSC) has been selected by the City as contractor to provide the services mentioned in Note 1. LHSC collects the funds and pays expenses to provide the agreed services. LHSC was paid \$30,000 for the year ended December 31, 2014.

NOTE 5. Real Estate Tax Revenue

SSA 14's principal source of revenue is real estate taxes levied on certain property located in Marquette Park. The taxes are assessed and collected by Cook County, and paid to the City of Chicago, which then remits to the SSA. Taxes are levied in one year, but paid in two installments the following year by the property owners. SSA 14 recognizes this revenue in the year in which the funds become available. The use of the funds received is limited to expenditures agreed to by the City of Chicago based on the budget prepared by the SSA and approved by the City. Individuals who pay their real estate taxes late are charged interest. The later the payment the greater the interest charged. The City passes the interest charges on to the SSA.

NOTE 6. Concentrations of Credit Risk arising from Cash Deposits in Excess of Insured Limits

SSA 14 maintains its cash balances in one financial institution located in Chicago, Illinois. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The cash balance did not exceed \$250,000 for the year ended December 31, 2014.

NOTE 7. Subsequent Events

Management believes that as of April 27, 2015, the date these financial statements were issued, that no subsequent events had occurred since December 31, 2014 which would be required to be disclosed in these financial statements.

**CITY OF CHICAGO SPECIAL SERVICE AREA NUMBER 14
SUMMARY SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014**

We have read the agreement between the City of Chicago and Special Service Area Number 14 and state there are no findings to report the status of.