

**103rd STREET BEVERLY
SPECIAL SERVICE AREA NUMBER 44
(Beverly Area Planning Association, Contractor)**

Financial Statements

Years Ended December 31, 2016 and 2015

103RD STREET BEVERLY
SPECIAL SERVICE AREA NUMBER 44
(Beverly Area Planning Association, Contractor)

Table of Contents

Independent Auditor’s Report	1 - 2
Financial Statements	
Statement of Net Position and Governmental Funds Balance Sheet.....	3
Statement of Activities and Governmental Funds, Revenues, Expenditures and Changes in Fund Balance	4
Schedule of Revenues and Expenditures – Budget and Actual.....	5
Notes to Financial Statements	6 - 8
Supplementary Information	
Schedule of Findings	9

Independent Auditor's Report

To the Board of Directors
103rd Street Beverly Special Service Area Number 44
Beverly Area Planning Association, Contractor
Chicago, IL

We have audited the accompanying financial statements of 103rd Street Beverly Special Service Area Number 44 (a taxing district authorized by the City of Chicago), which comprise the statement of net position and governmental funds balance sheet as of December 31, 2016 and 2015, and the related statements of activities and governmental funds, revenues, expenditures and changes in fund balance, and statement of revenues and expenditures – budget and actual, 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 unmodified opinion for the year ending December 31, 2015.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of 103rd Street Beverly Special Service Area Number 44 as of December 31, 2016 and 2015, and the results of its operations and changes in its fund balance for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Desmond & Akers, Ltd

March 17, 2017
Chicago, IL

**103RD STREET BEVERLY SPECIAL SERVICE AREA NUMBER 44
 (BEVERLY AREA PLANNING ASSOCIATION, CONTRACTOR)
 STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
 As of December 31, 2016 and 2015**

	2016			2015		
	Governmental Funds	Adjustments	Statement of Net Position	Governmental Funds	Adjustments	Statement of Net Position
<u>Assets</u>						
Current Assets						
Cash and cash equivalents	\$ 8,073	\$ -	\$ 8,073	\$ 5,368	\$ -	\$ 5,368
Property tax receivable	14,458	(69)	14,389	14,458	(55)	14,403
Due from Beverly Area Planning Association	-	-	-	268	-	268
Total Assets	\$ 22,531	\$ (69)	\$ 22,462	\$ 20,094	\$ (55)	\$ 20,039
<u>Liabilities</u>						
Accounts payable	\$ 6,162	-	\$ 6,162	\$ 3,469	-	\$ 3,469
Deferred Inflows						
Deferred property tax revenue	13,482	(13,482)	-	14,458	(14,458)	-
Fund Balance - unassigned	2,887	(2,887)	-	2,167	(2,167)	-
Total Liabilities, Deferred Inflows and Fund Balance	\$ 22,531			\$ 20,094		
Net Position, Unrestricted		\$ 16,300	\$ 16,300		\$ 16,570	\$ 16,570

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

Total fund balance - governmental funds	\$ 2,887	\$ 2,167
Property tax revenue is recognized in the period it is levied rather than when "available"		
A portion of the property tax is deferred as it is not available in the governmental funds	13,413	14,403
Total net position - governmental activities	\$ 16,300	\$ 16,570

See independent auditor's report and notes to financial statements.

**103RD STREET BEVERLY SPECIAL SERVICE AREA NUMBER 44
(BEVERLY AREA PLANNING ASSOCIATION, CONTRACTOR)
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS, REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
For the Years Ended December 31, 2016 and 2015**

	2016			2015		
	Governmental Funds	Adjustments	Statement of Activities	Governmental Funds	Adjustments	Statement of Activities
Revenues						
Property Taxes	\$ 15,448	\$ (990)	\$ 14,458	\$ 12,047	\$ 2,411	\$ 14,458
Miscellaneous income	-	-	-	205	-	205
Total revenues	<u>15,448</u>	<u>(990)</u>	<u>14,458</u>	<u>12,252</u>	<u>2,411</u>	<u>14,663</u>
Expenditures/Expenses						
Program Costs						
Customer attraction	5,835	-	5,835	2,221	-	2,221
Public way aesthetics	<u>6,143</u>	<u>-</u>	<u>6,143</u>	<u>7,719</u>	<u>-</u>	<u>7,719</u>
Total program expense	<u>11,978</u>	<u>-</u>	<u>11,978</u>	<u>9,940</u>	<u>-</u>	<u>9,940</u>
Administration						
Operational and administrative support	<u>2,750</u>	<u>-</u>	<u>2,750</u>	<u>3,075</u>	<u>-</u>	<u>3,075</u>
Total administration expense	<u>2,750</u>	<u>-</u>	<u>2,750</u>	<u>3,075</u>	<u>-</u>	<u>3,075</u>
Total expenditures/expenses	<u>\$ 14,728</u>	<u>\$ -</u>	<u>\$ 14,728</u>	<u>\$ 13,015</u>	<u>\$ -</u>	<u>\$ 13,015</u>
Change in Fund Balance/Net Position	720	(990)	(270)	(763)	2,411	1,648
Fund Balance/Net Position						
Beginning of year	<u>2,167</u>	<u>14,403</u>	<u>16,570</u>	<u>2,930</u>	<u>11,992</u>	<u>14,922</u>
End of year	<u>\$ 2,887</u>	<u>\$ 13,413</u>	<u>\$ 16,300</u>	<u>\$ 2,167</u>	<u>\$ 14,403</u>	<u>\$ 16,570</u>

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

Net change in fund balance - governmental funds	\$ 720	\$ (763)
Property tax revenue is recognized in the year it is available rather than when it is levied for governmental funds	<u>(990)</u>	<u>2,411</u>
Net change in net position - governmental activities	<u>\$ (270)</u>	<u>\$ 1,648</u>

See independent auditor's report and notes to financial statements.

**103RD STREET BEVERLY SPECIAL SERVICE AREA NUMBER 44
(BEVERLY AREA PLANNING ASSOCIATION, CONTRACTOR)
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Years Ended December 31, 2016 and 2015**

	2016			2015		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
Revenues						
Property Taxes	\$ 15,448	\$ 14,458	\$ 990	\$ 12,047	\$ 11,992	\$ 55
Miscellaneous income	-	-	-	205	-	205
Total revenues	<u>15,448</u>	<u>14,458</u>	<u>990</u>	<u>12,252</u>	<u>11,992</u>	<u>260</u>
Expenditures						
Programs						
1.00 Customer Attraction						
1.06 Holiday decorations	4,000	1,905	2,095	-	-	-
1.08 Display advertising	-	200	(200)	-	-	-
1.10 Shop local promotions	1,835	1,400	435	2,221	1,200	1,021
Total	<u>5,835</u>	<u>3,505</u>	<u>2,330</u>	<u>2,221</u>	<u>1,200</u>	<u>1,021</u>
2.00 Public Way Aesthetics						
2.02 Landcaping	2,830	1,240	1,590	500	500	-
2.07 Sidewalk maintenance	3,313	6,613	(3,300)	-	-	-
2.08 City permits	-	50	(50)	7,219	5,700	1,519
Total	<u>6,143</u>	<u>7,903</u>	<u>(1,760)</u>	<u>7,719</u>	<u>6,200</u>	<u>1,519</u>
4.00 Economic/Business Development						
4.09 SSA designation	-	-	-	-	1,700	(1,700)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,700</u>	<u>(1,700)</u>
Administration						
6.00 SSA Management						
6.02 SSA Audit	500	600	(100)	-	600	(600)
8.09 Postage	-	30	(30)	-	50	(50)
Total	<u>500</u>	<u>630</u>	<u>(130)</u>	<u>-</u>	<u>650</u>	<u>(650)</u>
7.00 Personnel						
7.01 Executive director	2,250	1,600	650	3,075	1,600	1,475
Total	<u>2,250</u>	<u>1,600</u>	<u>650</u>	<u>3,075</u>	<u>1,600</u>	<u>1,475</u>
8.00 Loss Collection						
8.01 Loss collection	-	820	(820)	-	642	(642)
Total	<u>-</u>	<u>820</u>	<u>(820)</u>	<u>-</u>	<u>642</u>	<u>(642)</u>
Total Expenditures	<u>14,728</u>	<u>14,458</u>	<u>270</u>	<u>13,015</u>	<u>11,992</u>	<u>1,023</u>
Excess of Revenues over Expenditures	<u>\$ 720</u>	<u>\$ -</u>	<u>\$ 720</u>	<u>\$ (763)</u>	<u>\$ -</u>	<u>\$ (763)</u>

See independent auditor's report and notes to financial statements.

**103RD STREET BEVERLY SPECIAL SERVICE AREA NUMBER 44
(BEVERLY AREA PLANNING ASSOCIATION, CONTRACTOR)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015**

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Organization

The 103rd Street Beverly Special Service Area Number 44 (Organization) 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 the Internal Revenue Code.

Beverly Area Planning Association (BAPA), Contractor for 103rd Street Beverly Special Service Area Number 44 (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. This not-for-profit organization serves as the central organization for community organizations in the Beverly Hills/Morgan Park communities and thereby provides a forum for the discussion of concerns common to the area. BAPA coordinates and implements comprehensive plans designed to improve the community through programs in housing, education, economic development, marketing, and special events. BAPA also publishes a free monthly newspaper. The Organization is located within the boundaries of the City of Chicago.

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 fund's current financial resources measurement, 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 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

**103RD STREET BEVERLY SPECIAL SERVICE AREA NUMBER 44
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NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015**

Measurement Focus, Basis of Accounting and Financial Statement Presentation (cont.)

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.

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 four categories.

When both restricted and unrestricted fund balances are available for use, it is the SSA's policy to use restricted fund balances first, then unrestricted fund balances. 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.

Cash and Cash Equivalents

Cash and cash equivalents is defined as short-term liquid investments such as cash in banks, money markets and other financial instruments that can be reduced to cash in thirty days or less. The Organization maintains its cash in bank accounts, which, at times, may exceed the federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization has established a separate checking account at Beverly Bank and Trust in Chicago, Illinois and all tax revenue funds are automatically deposited into this checking account. The Contractor has not commingled Service Tax funds with funds from other sources.

**103RD STREET BEVERLY SPECIAL SERVICE AREA NUMBER 44
(BEVERLY AREA PLANNING ASSOCIATION, CONTRACTOR)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015**

Related Party Transactions

103rd Street Beverly Special Service Area Number 44 shares office space, equipment and employees through its affiliation with Beverly Area Planning Association. 103rd Street Beverly Special Service Area Number 44 has no employees of its own, but reimburses BAPA for payroll and related costs of the individuals who may work on the program. It also may reimburse BAPA for a portion of its applicable operating expenses, including allocation of rent and utilities. As of December 31, 2016 and 2015, \$2,587 and \$268 was due to and from BAPA, respectively.

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Special Service Area Agreement

The City of Chicago has established a special service area known and designated as “103rd Street Beverly Special Service Area Number 44” to provide special services in addition to those services generally provided by the City. BAPA has been designated as “Contractor” under terms of the agreement. The City has authorized a levy not to exceed 2.5% of the equalized assessed value of all property within the area to produce sufficient revenues to provide those special services.

The maximum amount to be paid to the Organization is the lesser of \$14,458 and \$11,992, or the amount of service tax funds collected during 2016 and 2015, respectively. For each subsequent period of the agreement, the maximum amount to be paid is the lesser of the budget for that year or the amount of service tax funds actually collected for the preceding tax year.

Note 2 – Subsequent Events

For the fiscal year ended December 31, 2016, the Organization has evaluated subsequent events through March 17, 2017, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed at that date.

**103RD STREET BEVERLY SPECIAL SERVICE AREA NUMBER 44
(BEVERLY AREA PLANNING ASSOCIATION, CONTRACTOR)
SCHEDULE OF FINDINGS
December 31, 2016 and 2015**

Findings

We have read and understand the necessary audit requirements contained in the Service Provider Agreement. Accordingly, based on our audit, no findings were noted during the years ended December 31, 2016 and 2015.