

Auburn Gresham 79th Street  
Special Service Area Number 32  
(Greater Auburn-Gresham Development Corporation, Contractor)

Financial Statements

Years Ended December 31, 2014 and 2013

Auburn Gresham 79th Street  
Special Service Number 32  
(Greater Auburn-Gresham Development Corporation, Contractor)

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# Bravos & Associates

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Auburn Gresham 79<sup>th</sup> Street Number 32  
(Greater Auburn-Gresham Development Corporation, Contractor)  
Chicago, Illinois

We have audited the accompanying statement of governmental activities and the major fund of Auburn Gresham 79th Street Number 32 (a taxing district authorized by the City of Chicago) as of December 31, 2014 and 2013, and the related statements of activities and governmental funds, revenues, expenditures and changes in fund balances for the years then ended, which collectively comprise the service areas' 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 judgement, 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 estimates made by management, as well as evaluating the overall financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Auburn Gresham 79th Street Number 32 (a taxing district authorized by the City of Chicago), as of December 31, 2014 and 2013, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Change in Accounting Principal

The financial statements, the special service area changed its method of accounting to generally accepted accounting principles as applicable to governmental entities. Our opinions are not modified with respect to that matter.

## 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.

*Bravos & Associates CPAs*

April 7, 2015  
Bloomington, Illinois



Auburn Gresham 79th Street Special Service Area Number 32  
 Governmental Fund Balance Sheets and Statement of Net Positions

(Greater Auburn-Gresham Development Corporation, Contractor)

December 31, 2014 and 2013

	<u>2014</u>		<u>2013</u>	
	<u>Governmental Fund General Fund</u>	<u>Statements of Activities Adjustments</u>	<u>Governmental Fund General Fund</u>	<u>Statements of Activities Adjustments</u>
<u>Assets</u>				
Cash	\$ 3,522	\$ -	\$ 20,415	\$ -
Property tax receivable, net of allowance for uncollectable taxes of \$ 20,000 and \$ 20,000	408,594	-	400,100	-
Total Assets	<u>412,116</u>	<u>-</u>	<u>420,515</u>	<u>-</u>
<u>Liabilities</u>				
Accounts payable	\$ 15,536	\$ -	\$ 7,125	\$ -
Due to GADC	43,702	-	44,134	-
Deferred Inflows				
Deferred property tax revenue	530,795	(530,795)	413,390	(413,390)
<u>Fund Balances/Net Position</u>				
Unassigned (deficit)	<u>(134,215)</u>	<u>530,795</u>	<u>(109,342)</u>	<u>413,390</u>
Total Liabilities, deferred inflows and fund balance/net position	<u>\$ 412,116</u>	<u>\$ -</u>	<u>\$ 311,173</u>	<u>\$ -</u>
Amounts reported for governmental activities in the statements of net position are different because:				
Total fund balance - governmental fund		\$ (134,215)		\$ (109,342)
Property tax revenue is recognized in the period for which it is levied rather than when "available". A portion of the property tax is deferred as it is not available in the governmental funds.				
Total net position - governmental activities		<u>530,795</u>		<u>413,390</u>
		<u>\$ 396,580</u>		<u>\$ 304,048</u>

See notes to the financial statements

Auburn Gresham 79th Street Special Service Area Number 32  
 Statements of Governmental Fund Revenues, Expenditures and  
 Changes in Fund Balance and Activities  
 Years Ended December 31, 2014 and 2013

	<u>2014</u>			<u>2013</u>		
	Governmental Fund General Fund	Adjustments	Statements of Activities	Governmental Fund General Fund	Adjustments	Statements of Activities
<u>Revenues</u>						
Property taxes	\$ 373,386	\$ 117,405	\$ 490,791	\$ 393,083	\$ 19,137	\$ 412,220
Interest income	9	-	9	13	-	13
Total revenues	<u>373,395</u>	<u>117,405</u>	<u>490,800</u>	<u>393,096</u>	<u>19,137</u>	<u>412,233</u>
<u>Expenditures/Expenses:</u>						
01.00 Advertising and promotion	53,631	-	53,631	72,216	-	72,216
02.00 Public way maintenance	81,905	-	81,905	85,000	-	85,000
03.00 Public way aesthetics	36,885	-	36,885	25,947	-	25,947
04.00 Tenant retention/attraction	9,895	-	9,895	10,000	-	10,000
05.00 Façade improvements	20,685	-	20,685	23,000	-	23,000
07.00 Safety programs	106,585	-	106,585	75,775	-	75,775
08.00 SSA District planning	5,000	-	5,000	48,000	-	48,000
11.00 Administrative non-personal expenses	83,682	-	83,682	68,510	-	68,510
12.00 Loss Collection	-	-	-	63,146	-	63,146
Total expenditures/Expenses	<u>398,268</u>	<u>-</u>	<u>398,268</u>	<u>471,594</u>	<u>-</u>	<u>471,594</u>
(Deficiency) Excess of revenues over expenditures/expenses	(24,873)	24,873	78,498	(78,498)	78,498	(59,361)
Change in net position		92,532	92,532	(30,844)	(59,361)	(59,361)
Fund balance/net position beginning of the year (deficit)	(109,342)	413,390	304,048	394,253	394,253	363,409
Fund balance/net position at end of the year (deficit)	<u>\$ (134,215)</u>	<u>\$ 530,795</u>	<u>\$ 396,580</u>	<u>\$ (109,342)</u>	<u>\$ 413,390</u>	<u>\$ 304,048</u>

Auburn Gresham 79th Street Special Service Area Number 32  
 Statements of Governmental Fund Revenues, Expenditures and  
 Changes in Fund Balance and Activities  
 Years Ended December 31, 2014 and 2013

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	<u>2014</u>	<u>2013</u>
Amounts reported for governmental activities in the statements of net position are different because:		
Net change in Fund balance - government funds	\$ (24,873)	\$ (78,498)
Property tax revenue is recognized in the period for which it is levied rather than when "available". A portion of the property tax is deferred as it is not available in the governmental funds.	<u>(117,405)</u>	<u>(19,137)</u>
Change in Net Position	<u>\$ 92,532</u>	<u>\$ (59,361)</u>

# Bravos & Associates

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## INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors  
Auburn Gresham 79<sup>th</sup> Street  
(Greater Auburn-Gresham Development Corporation, Contractor)  
Chicago, Illinois

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information, which follows, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Bravos & Associates C.P.A.'s*

April 7, 2015  
Bloomington, Illinois



Auburn Gresham 79th Street Special Service Area Number 32

Statement of Revenues and Expenditures

Budget and Actual - General Fund

Years ended December 31, 2014 and 2013

	2014			2013		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Variance</u>
<u>Revenues:</u>						
Property taxes	\$ 450,100	\$ 373,386	(76,714)	\$ 486,904	\$ 393,083	(93,821)
Interest income	-	9	9	-	13	13
<u>Total revenues</u>	<u>\$ 450,100</u>	<u>\$ 373,395</u>	<u>\$ (76,705)</u>	<u>\$ 486,904</u>	<u>\$ 393,096</u>	<u>\$ (93,808)</u>
<u>Expenses &amp; Programs:</u>						
<u>1.00 Advertising &amp; Promotion</u>						
1.01 Website/Social Media	\$ 3,500	\$ 3,500	\$ -	\$ 3,500	\$ 3,500	\$ -
1.02 Public/Media Relations	7,000	7,000	-	18,000	17,936	(64)
1.03 Special Events	27,000	27,000	-	37,000	37,000	-
1.04 Display Advertising	15,000	13,131	(1,869)	15,000	13,780	(1,220)
1.05 Print Materials	3,000	3,000	-	-	-	-
<u>Totals</u>	<u>55,500</u>	<u>53,631</u>	<u>(1,869)</u>	<u>73,500</u>	<u>72,216</u>	<u>(1,284)</u>
<u>2.00 Public Way Maintenance</u>						
2.01 Sidewalk cleaning	80,000	74,866	(5,134)	60,000	85,000	25,000
2.05 Equipment Purchase/Maintenance	5,000	4,039	(961)	-	-	-
2.10 Other: Field Inspections	5,000	3,000	(2,000)	-	-	-
2.09 Other: Litter Free Zone	-	-	-	30,000	-	(30,000)
<u>Totals</u>	<u>90,000</u>	<u>81,905</u>	<u>(8,095)</u>	<u>90,000</u>	<u>85,000</u>	<u>(5,000)</u>

Auburn Gresham 79th Street Special Service Area Number 32

Statement of Revenues and Expenditures

Budget and Actual - General Fund

Years ended December 31, 2014 and 2013

<u>Expenses &amp; Programs:</u>	2014			2013		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Variance</u>
<u>3.00 Public Way Aesthetics</u>						
3.02 Decorative Banners and/or Holiday Decorations	10,000	9,024	(976)	13,000	12,947	(53)
3.05 Landscaping	18,000	18,000	-	13,000	13,000	-
3.07 Supplies	10,000	9,861	(139)	-	-	-
3.08 Storage Fees	3,600	-	(3,600)	-	-	-
<u>Totals</u>	<u>41,600</u>	<u>36,885</u>	<u>(1,115)</u>	<u>26,000</u>	<u>25,947</u>	<u>(53)</u>
<u>4.00 Tenant Retention/Attraction</u>						
4.02 Site Marketing Materials	9,000	9,000	-	8,000	8,000	-
4.04 Business License Program	1,000	895	(105)	2,000	2,000	-
<u>Totals</u>	<u>10,000</u>	<u>9,895</u>	<u>(105)</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<u>5.00 Façade Improvements</u>						
5.01 Façade Improvements	20,000	17,685	(2,315)	20,000	20,000	-
5.04 Program Cost (Applications)	3,000	3,000	-	3,000	3,000	-
<u>Totals</u>	<u>23,000</u>	<u>20,685</u>	<u>(2,315)</u>	<u>23,000</u>	<u>23,000</u>	<u>-</u>

Auburn Gresham 79th Street Special Service Area Number 32  
Statement of Revenues and Expenditures  
Budget and Actual - General Fund  
Years ended December 31, 2014 and 2013

	2014			2013		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Variance</u>
<u>Expenses &amp; Programs:</u>						
<u>7.00 Safety Programs</u>						
7.02 Security Services	105,000	106,585	1,585	90,000	75,775	(14,225)
<u>Totals</u>	<u>105,000</u>	<u>106,585</u>	<u>1,585</u>	<u>90,000</u>	<u>75,775</u>	<u>(14,225)</u>
<u>8.00 SSA District Planning</u>						
8.01 SSA Work Plans, Visioning, Etc	-	-	-	40,000	40,000	-
8.03 Strategic Planning	5,000	5,000	-	-	-	-
8.05 Economic Impact Study, Market Study, Branding	-	-	-	8,000	8,000	-
<u>Totals</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>48,000</u>	<u>48,000</u>	<u>-</u>

Auburn Gresham 79th Street Special Service Area Number 32  
Statement of Revenues and Expenditures  
Budget and Actual - General Fund  
Years ended December 31, 2014 and 2013

<u>Expenses &amp; Programs:</u>	2014			2013		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Variance</u>
<u>11.00 Administrative Non-Personnel</u>						
11.02 SSA Audit	7,000	7,000	-	7,000	7,000	-
11.03 Bookkeeping	3,000	3,000	-	3,000	3,000	-
11.04 Office Rent	7,500	7,000	(500)	7,500	7,500	-
11.05 Office Utilities/Telephone	3,000	3,000	-	2,000	1,840	(160)
11.06 Office Supplies	2,000	1,865	(135)	2,000	1,994	(6)
11.07 Office Equipment Lease/Maintenance	2,000	1,284	(716)	2,000	2,000	-
11.08 Office Printing	2,000	1,346	(654)	2,000	1,998	(2)
11.09 Postage	1,000	804	(196)	1,000	1,000	-
11.10 Meeting Expense	2,000	2,000	-	2,000	2,000	-
11.12 Bank Service Charges	2,500	383	(2,117)	1,000	178	(822)
11.13 Monitoring/Compliance	-	-	-	6,000	8,000	2,000
11.14 Other: SSA Management	40,000	40,000	-	32,000	32,000	-
11.15 Other: Part Time Administration Assistant	8,000	16,000	8,000	8,000	-	(8,000)
<u>Totals</u>	<u>80,000</u>	<u>83,682</u>	<u>3,682</u>	<u>75,500</u>	<u>68,510</u>	<u>(6,990)</u>
<u>12.00 Loss Collection</u>						
12.01 Loss collection	40,000	-	40,000	20,000	63,146	(43,146)
<u>Totals</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>20,000</u>	<u>63,146</u>	<u>(43,146)</u>
Total Program and Expenses	450,100	398,268	31,768	456,000	471,594	(70,698)
Excess of Revenues over Expenses (deficit)	\$ -	\$ (24,873)	\$ 24,873	\$ 30,904	\$ (78,498)	\$ 109,402

Auburn Gresham 79<sup>th</sup> Street Special Service Area Number 32  
(Greater Auburn-Gresham Development Corporation, Contractor)  
Notes to Financial Statements  
December 31, 2014 and 2013

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**Summary of Accounting Policies**

Nature of Organization

Auburn Gresham 79th Street Special Service Number 32, (Commission) formed to create to a dynamic public space to attract, revitalize, and attract new businesses and shoppers to strengthen the residential community. The city of Chicago formed a taxing district that allows property taxes levied and collected to fund added services for a defined area.

Basis of Presentation

The government-wide financial statements report information on all of the activities of the Special Service Area. Governmental activities include those items funded by the tax levies. While separate governmental activities incorporate data from the governmental funds. The fund financial statements is on major governmental funds. The commission reports one major governmental fund, the General Fund.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and 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 for which they are levied.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

Budgetary Information

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. The Commission submits a proposed operating budget for the fiscal year to the City of Chicago for approval. The operating budget includes proposed expenditures and the means of financing them for the General Fund. The annual appropriation lapses at fiscal yearend.

Auburn Gresham 79<sup>th</sup> Street Special Service Area Number 32  
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Notes to Financial Statements  
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**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

Cash and Investments

The commission'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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of Resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenues) until that time. The Commission has only one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable property tax revenue*, is reported in the governmental fund's balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Net Position Flow Assumption

In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions

Sometimes the Commission will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Auburn Gresham 79<sup>th</sup> Street Special Service Area Number 32  
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Notes to Financial Statements  
December 31, 2014 and 2013

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**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**  
**Continued:**

Fund Balance Policies

Fund balance of the governmental fund is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Commission itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Commission's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the Commission that can, by adoption or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Commission for specific purposes but do not meet the criteria to be classified as committed. Intent can be expressed by the Board of Directors or by an individual or body to which the Commission delegates the authority. The Board of Directors may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Special Service Area Agreement

The Commission entered into an agreement with the City of Chicago, whereby the City established a special service area (a taxing district authorized by the City of Chicago) designated as Auburn Gresham 79th Street Special Service Number 32 to provide special services in addition to those normally provided by the City. The West Central Association has been designated as the Contractor which services the special service area.

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 estimated 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 Cook County. Bills are issued and collected by Cook County who remits the Commission's share to the City of Chicago who then remits the monies to the Commission.

Auburn Gresham 79<sup>th</sup> Street Special Service Area Number 32  
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Notes to Financial Statements  
December 31, 2014 and 2013

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**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**  
**Continued:**

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenditures/expenses. Actual results could differ from those estimates.

Comparative Data

As required by the City of Chicago, comparative data for the prior year has been presented in the statement of revenue and expenditures – budget and actual-general fund.

**Detailed Notes on all Activities and Funds**

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk. As of December 31, 2014 and 2013, the Commission's bank balance was \$ 3,522 and \$ 20,415 respectfully.

Receivables

Property tax receivables are presented net of an allowance for uncollectible taxes in the amount of \$ 20,000 and \$ 20,000 respectfully.

Related Party Transactions

During the year ended December 31, 2014 and 2013 the Greater Auburn-Gresham Development Corporation charged the Commission \$ 105,000 and \$ 98,625 for employee and administrative costs respectfully.

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.

Concentration of Credit Risk

The Organization maintains its cash balances at three financial institutions in the Chicago metropolitan area, which are federally insured up to prescribed limits.



Auburn Gresham 79<sup>th</sup> Street Special Service Area Number 32  
(Greater Auburn-Gresham Development Corporation, Contractor)  
Notes to Financial Statements  
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Finding # 1

We have reviewed the Agreement for Special Service Area Number 32 between the City of Chicago and the Contractor for the year ended December 31, 2014 and 2013.

We noted no exceptions