

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, 2015



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

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement 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 funds balance sheet as of December 31, 2015, and the related statement of activities and governmental funds, 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 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 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, 2015, and its statement of activities and governmental funds, 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.

## Report on Summarized Comparative Information

We have previously audited the **SPECIAL SERVICE AREA #33** 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 10, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## 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 8 and 9, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

March 25, 2016  
Oak Park, Illinois



SPECIAL SERVICE AREA #33  
STATEMENTS OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEETS  
DECEMBER 31, 2015 AND 2014

	2015		2014	
	Governmental Funds	Adjustments	Statement of Net Position	Statement of Net Position
<b>ASSETS</b>				
Cash and cash equivalents	\$ 230,420	\$ -	\$ 230,420	\$ 138,122
Due from City of Chicago	961,024	-	961,024	1,021,223
Security deposit	1,250	-	1,250	1,250
Total Assets	<u>\$ 1,192,694</u>	<u>\$ -</u>	<u>\$ 1,192,694</u>	<u>\$ 1,160,595</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 33,884	\$ -	\$ 33,884	\$ 27,687
Total Liabilities	33,884	-	33,884	27,687
<b>DEFERRED INFLOWS</b>				
Deferred property tax revenue	944,619	(944,619)	-	-
<b>FUND BALANCES/NET POSITION</b>				
Unassigned	214,191	(214,191)	-	-
Total Fund Balance	214,191	(214,191)	-	-
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 1,192,694</u>			
Net Position Restricted		<u>\$ 1,158,810</u>	<u>\$ 1,158,810</u>	<u>\$ 1,132,908</u>
Amounts reported for governmental activities in the statements of net positions are different because:				
Total fund balance - governmental funds		\$ 214,191	\$ 214,191	\$ 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			944,619	876,823
Total net position - governmental activities			<u>\$ 1,158,810</u>	<u>\$ 1,132,908</u>

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

SPECIAL SERVICE AREA #33  
STATEMENTS OF ACTIVITIES AND GOVERNMENTAL  
FUNDS, REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
DECEMBER 31, 2015 AND 2014

	2015		2014	
	Governmental Funds	Adjustments	Statement of Activities	Statement of Activities
<b>REVENUES</b>				
Tax levy revenue	\$ 804,976	\$ 67,796	\$ 872,772	\$ 933,468
Interest Income	228	-	228	111
Total Revenues	<u>805,204</u>	<u>67,796</u>	<u>873,000</u>	<u>933,579</u>
<b>EXPENDITURES/EXPENSES</b>				
Advertising & promotion	210,388	-	210,388	97,344
Public way maintenance	410,886	-	410,886	277,987
Public way aesthetics	3,559	-	3,559	208,840
Facade improvements	-	-	-	20,361
Parking/transit/accessibility	-	-	-	940
Safety programs	-	-	-	39
District planning	-	-	-	70,005
Total Services Expense	<u>624,833</u>	<u>-</u>	<u>624,833</u>	<u>675,516</u>
Personnel	176,613	-	176,613	174,409
Non-Personnel	45,652	-	45,652	49,397
Total Administration Expense	<u>222,265</u>	<u>-</u>	<u>222,265</u>	<u>223,806</u>
Total Expenditures/Expenses	<u>847,098</u>	<u>-</u>	<u>847,098</u>	<u>899,322</u>
Excess (deficiency) of revenues over expenditures	(41,894)	41,894		
Change in Net Position		25,902	25,902	34,257
<b>Fund Balance/Net Position</b>				
Beginning of the Year	256,085	876,823	1,132,908	1,098,651
End of the Year	<u>\$ 214,191</u>	<u>\$ 944,619</u>	<u>\$ 1,158,810</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	\$ 214,191	\$ 256,085
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	<u>25,902</u>	<u>(10,572)</u>
Change in Net Position	<u>\$ 240,093</u>	<u>\$ 245,513</u>

SPECIAL SERVICE AREA #33  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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 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, 2015

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 short-term 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, 2015.

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, 2015

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 March 25, 2016, 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, 2015, \$14,514 was payable for services provided, and \$46,438 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.



**SUPPLEMENTARY INFORMATION**

SPECIAL SERVICE AREA #33  
STATEMENT OF REVENUES AND  
EXPENDITURES - BUDGET AND ACTUAL  
DECEMBER 31, 2015

	2015		
	Budget	Actual	Over (Under) Variance
<b>REVENUES</b>			
Tax levy revenue	\$ 969,114	\$ 804,976	\$ (164,138)
Interest income	-	228	228
	<u>969,114</u>	<u>805,204</u>	<u>(163,910)</u>
<b>EXPENSES</b>			
Services			
Advertising & Promotion			
Website/social media	\$ 1,000	\$ 999	\$ (1)
Public/media relations	15,000	13,750	(1,250)
Decorative banners	5,000	6,524	1,524
Special events	21,950	21,500	(450)
Holiday decoration	89,225	99,225	10,000
Display advertising	550	550	-
Print materials	20,000	20,040	40
Other - grants	48,000	47,800	(200)
Total Advertising & Promotion	<u>200,725</u>	<u>210,388</u>	<u>9,663</u>
Public Way Maintenance			
Graffiti removal	1,000	848	(152)
Acid removal/prevention	18,000	16,158	(1,842)
Landscaping	102,100	101,828	(272)
Façade enhancement program	18,000	5,000	(13,000)
Streetscape elements	15,000	7,116	(7,884)
Public art	32,000	31,761	(239)
Sidewalk Maintenance	240,000	248,175	8,175
City permits	1,500	-	(1,500)
Total Public Way Maintenance	<u>427,600</u>	<u>410,886</u>	<u>(16,714)</u>
Public Way Aesthetics			
Garbage/recycling material program	4,000	3,559	(441)
Bicycle transit enhancements	10,000	-	(10,000)
Total Public Way Aesthetics	<u>14,000</u>	<u>3,559</u>	<u>(10,441)</u>
Tenant Retention/Attraction			
Site marketing	1,000	-	(1,000)
Market study	1,000	-	(1,000)
Commission development	1,000	-	(1,000)
Master planning	22,900	-	(22,900)
Total Tenant Retention/Attraction	<u>25,900</u>	<u>-</u>	<u>(25,900)</u>
Safety Programs			
Bike program	1,000	-	(1,000)
Total Safety Programs	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total Service Expense	<u>669,225</u>	<u>624,833</u>	<u>(44,392)</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, 2015

	2015		
	Budget	Actual	Over (Under) Variance
Administration			
Personnel			
Personnel A	\$ 27,225	\$ 15,756	\$ (11,469)
Personnel B	51,750	57,164	5,414
Personnel C	40,050	47,842	7,792
Personnel D	15,400	13,597	(1,803)
Personnel E	20,250	22,522	2,272
Personnel F	12,500	12,679	179
Interns	5,000	7,053	2,053
Total Personnel	172,175	176,613	4,438
Non-Personnel			
SSA annual report	5,000	-	(5,000)
SSA audit	8,000	7,625	(375)
Office rent	23,000	18,705	(4,295)
Office utilities	5,500	3,220	(2,280)
Office supplies	4,000	3,598	(402)
Equip lease/maintenance	3,000	1,300	(1,700)
Office printing	3,500	1,255	(2,245)
Postage	1,600	1,133	(467)
Meeting expenses	3,000	2,032	(968)
Subscriptions	1,000	428	(572)
Banking fees	3,000	3,569	569
Monitoring/compliance	2,500	287	(2,213)
Other - Computer assist.	3,000	1,070	(1,930)
Other - Recycling	500	150	(350)
Other - Insurance	1,800	1,280	(520)
Total Non-Personnel	68,400	45,652	(22,748)
Total Administration Expense	240,575	222,265	(18,311)
Total Expense	909,800	847,098	(62,703)
Excess (deficiency) of revenues over	\$ 59,314	\$ (41,894)	\$ (101,207)

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



SPECIAL SERVICE AREA #33  
SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2015

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 unmodified 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



March 25, 2016

To the Commissioners of  
**Special Service Area #33**

We have audited the financial statements of **Special Service Area #33** for the year ended December 31, 2015, and have issued our report thereon dated March 25, 2016. Under generally accepted auditing standards, we are required to provide you with information about our responsibilities as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 29, 2016. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Special Service Area #33** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of future tax revenues from the City of Chicago is based on budgets created by the City. After the budgeting process the City can adjust the amount of tax revenue given to each entity. These changes can dramatically affect the entity's activities.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

##### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

##### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 25, 2016.



*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Each month the bookkeeper, Program Manager, and Treasurer review the budget versus actual reports. We recommend those parties document the date of the review to ensure all reviews are done timely.

The Organization did not record on the correct accounting basis. As such, Sassetti had to make journal entries relating to deferred revenue and accounts receivable to bring the books governmental accounting basis.

This information is intended solely for the use of Commissioners and management of **Special Service Area #33** and is not intended to be, and should not be, used by anyone other than these specified parties. Though restricted in use, reports issued in connection with an audit of a nonprofit entity may be a matter of public record.

Very truly yours,

*Sassetti LLC*