

**SPECIAL SERVICE AREA #48
ADMINISTERED BY
OLD TOWN MERCHANTS AND RESIDENTS ASSOCIATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

**WITH
INDEPENDENT AUDITOR'S REPORT**

SPECIAL SERVICE AREA #48

ADMINISTERED BY

OLD TOWN MERCHANTS AND RESIDENTS ASSOCIATION

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Helen J. Ajder C.P.A. PC

Certified Public Accountant

INDEPENDENT ACCOUNTANT'S REPORT

Board of Commissioners
Special Service Area #48
Administered by
Old Town Merchants and Residents Association
1520 North Wells Street
Chicago, IL 60610

In accordance with the City of Chicago instructions, I have audited the accompanying component unit financial statement of Special Service Area #48 administered by Old Town Merchants and Residents Association, which comprise the Statement of Net Position and Governmental Funds Balance Sheet, Statement of Activities and Governmental Funds, Revenues, Expenditures and Changes in Fund Balance at December 31, 2015 and 2014. Per instructions from the City of Chicago, these financial statements include the Statement of Revenues and Expenditures – Budget and Actual.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board). See footnotes to these financial statements.

The City of Chicago has not required the Statement of Cash Flows to be presented as part of these financial statements.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the net position of Special Service Area #48 as of December 31, 2015 and 2014 as required by the City of Chicago.


Helen J. Ajder CPA, PC

March 1, 2016

SPECIAL SERVICE AREA #48
ADMINISTERED BY
OLD TOWN MERCHANTS AND RESIDENTS ASSOCIATION

STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET

DECEMBER 31, 2015 AND 2014

ASSETS				
	2014	2015		
	Governmental Funds	Governmental Funds	Adjustments	Statement of Net Position
CURRENT ASSETS				
Cash	\$ 58,357	\$ 59,199		\$ 59,199
Tax allocation receivable	176,468	180,055		180,055
Prepaid expense	-	-		-
TOTAL ASSETS	\$ 234,825	\$ 239,254		\$ 239,254
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 4,764	\$ 3,235		\$ 3,235
Total current liabilities	4,764	3,235		3,235
DEFERRED INFLOWS				
Deferred property tax revenue	152,145	155,165	(155,165)	-
FUND BALANCES/NET POSITION				
Non-spendable:				
Prepaid items	-	-		-
Committed:				
Public way maintenance	16,335	4,611	(4,611)	-
Unassigned	61,581	76,243	(76,243)	-
Total Fund Balance	77,916	80,854	(80,854)	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 234,825	\$ 239,254		
Net position				
Unrestricted			\$ (236,019)	\$ 236,019
Total fund balance - governmental funds				\$ 80,854
Property tax revenue is recognized in the period for which levied rather than when "available"				155,165
Total net position - governmental activities				\$ 236,019

**SPECIAL SERVICE AREA #48
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**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS,
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

DECEMBER 31, 2015 AND 2014

	2014	2015		Statement of Activities
	Governmental Funds	Governmental Funds	Adjustments	
REVENUES				
Property taxes - net of allowance	\$ 153,584	\$ 166,789	3,020	\$ 169,809
Interest	9	3		3
Total revenues	153,593	166,792		169,812
Expenditures/Expenses				
Advertising and promotion	5,739	-		-
Public way maintenance	43,640	49,331		49,331
Public way aesthetics	40,000	42,500		42,500
Parking/transit/accessibility	8,220	11,545		11,545
Safety programs	36,056	32,417		32,417
Administration	23,190	28,061		28,061
Total expenditures/expenses	156,845	163,854		163,854
Excess of revenues over expenditures	(3,252)	2,938	(2,938)	-
Change in net position			5,958	5,958
Fund balance/Net Position				
Beginning of the year	81,168	77,916	152,145	230,061
End of year	\$ 77,916	\$ 80,854	155,165	\$ 236,019

**SPECIAL SERVICE AREA #48
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OLD TOWN MERCHANTS AND RESIDENTS ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 - Purpose of Organization and Nature of SSA #48

Old Town Merchants and Residence Association (the Association) is an Illinois not-for-profit corporation that is exempt from federal taxes under Section 501 C-6 of the Internal Revenue Code. The Association, by contract with the City of Chicago, is the provider of special services to the Old Town area funded by Special Service Area #48 taxes. Special Service Area #48 is roughly bounded by Wells Street from Schiller Avenue to North Avenue and North Avenue from LaSalle Street to Orleans Street. Special Services authorized in Establishment Ordinance include maintenance and beautification activities; security programs; recruitment and promotion of new businesses in the Area and retention and promotion of existing businesses in the Area; coordinated marketing and promotional activities; strategic planning for the general development of the Area; financing of storefront façade and signage improvements; parking and transit programs; and other technical assistance activities to promote commercial and economic development, including, but not limited to, enhanced local land use oversight and control initiatives, community service and predevelopment costs.

NOTE 2 - Summary of Significant Accounting Policies

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 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.

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.

The presentation 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

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 2 – Summary of Significant Accounting Policies – continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued

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.

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. The SSA maintains its cash account in what it believes is a high quality bank. Nevertheless, there is exposure where the balance may exceed the federally insured limits. The SSA does not believe that it is exposed to any significant credit risk related to its cash balance.

Receivables

All property tax receivables are shown net of allowances. As of December 31, 2015 and 2014, the allowance is estimated to be 4% of the outstanding property taxes.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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 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.

**SPECIAL SERVICE AREA #48
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 2 – Summary of Significant Accounting Policies – continued

Fund Equity/Net Position - 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.

NOTE 3 – Cash, Cash Equivalents and Investments

Cash and certificates of deposit are subject to custodial credit risk in the event of 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.

NOTE 4 – 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.

NOTE 5 – Related Party Transactions

The SSA is affiliated with Old Town Merchants and Residents Association, which provides certain administrative services for the SSA. As of December 31, 2015 and 2014 \$25,633 and \$21,920 respectively was paid for services provided during the year.

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**SUMMARY SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014**

I have read and understand the requirements contained in the Service Provider Agreement. After conducting the audit, I determined that no exceptions were noted.

The auditor's report expresses an unqualified opinion on the financial statements of Special Service Area #48. 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

Special Service Area #48 Old Town shows a carryover due to the continued anticipation of groundbreaking for a capital infrastructure improvement within the Special Service Area. The Commission of Special Service Area #48 approved, at the July 18, 2011 meeting, a motion to dedicate \$100,000 for public way aesthetics and public way infrastructure in Burton Place, which lies 100% within the Special Service Area. Since then the Burton Place Committee, which is made up of members of the Special Service Area Commission and the Old Town Merchants and Residents Association Board have been working tirelessly to complete plans for the improvements, As with any capital project, planning takes a long time and design and execution are lengthy processes; especially when situated in the public way. The Commission of Special Service Area #48 is confident that the monies dedicated to the Burton Place project will be spent at the end of the 2016 budget cycle.

**SPECIAL SERVICE AREA #48
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**STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015			2014		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues						
Proeprty taxes	\$ 200,690	\$ 166,789	33,901	\$ 187,710	\$ 153,584	34,126
Interest	-	3	(3)	-	9	(9)
Total revenue	200,690	166,792	367,482	187,710	153,593	341,303
Expenditures						
Advertising and promotion						
Display ads	-	-	-	-	568	(568)
Print materials	-	-	-	1,000	171	829
Marketing	1,000	-	1,000	-	5,000	(5,000)
Website/social media	-	-	-	-	-	-
Public/media relations	-	-	-	-	-	-
Total advertising and promotion	1,000	-	1,000	1,000	5,739	(4,739)
Public way aesthetics						
Holiday decorations	15,790	13,500	2,290	13,500	13,500	-
Landscaping	31,260	26,500	4,760	26,500	26,500	-
Streetscape elements	1,500	2,500	(1,000)	-	-	-
Sidewalk cleaning	15,525	10,795	4,730	12,500	12,305	195
Sidewalk snow plowing	35,331	36,536	(1,205)	27,000	31,335	(4,335)
Sidewalk power washing	1,000	2,000	(1,000)	7,700	-	7,700
Total public way aesthetics	100,406	91,831	8,575	87,200	83,640	3,560
Parking/transit/accessibility						
Transportation	14,125	11,545	2,580	12,480	8,220	4,260
Total parking/transit/accessibility	14,125	11,545	2,580	12,480	8,220	4,260
Safety programs						
Security services	36,000	32,417	3,583	36,500	36,056	444
Public way cameras	-	-	-	-	-	-
Public way surveillance cameras	-	-	-	-	-	-
Total safety programs	36,000	32,417	3,583	36,500	36,056	444
Administration						
Service provider	25,633	25,633	-	33,770	21,920	11,850
Audit	1,900	2,000	(100)	1,400	1,200	200
Other	4,725	428	4,297	-	70	(70)
Total administration	32,258	28,061	4,197	35,170	23,190	11,980

See notes to financial statements.