

**WALDEN PARKWAY
SERVICE AREA NUMBER 64
(Morgan Park - Beverly Hills Business
Association, Contractor)**

Financial Statements

**For the Year Ended
December 31, 2015**

**Walden Parkway Special Service Area Number 64
(Morgan Park - Beverly Hills Business
Association, Contractor)**

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Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Directors
Walden Parkway Special Service Area Number 64
Morgan Park - Beverly Hills Business Association, Contractor
Chicago, IL

We have audited the accompanying financial statements of Walden Parkway Special Service Area Number 64 (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 statements of activities and governmental funds, revenues, expenditures and changes in fund balance, and statement of revenues and expenditures – budget and actual, 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 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 opinions for the year ending December 31, 2015.

Unmodified Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Walden Parkway Special Service Area Number 64 as of December 31, 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.

Delmonico & Ahern, Ltd

March 4, 2016
Chicago, IL

**WALDEN PARKWAY SPECIAL SERVICE AREA NUMBER 64
(MORGAN PARK-BEVERLY HILLS BUSINESS ASSOCIATION, CONTRACTOR)
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
As of December 31, 2015**

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>Assets</u>			
Current Assets			
Cash and cash equivalents	\$ 9,605	\$ -	\$ 9,605
Property tax receivable	9,150	(100)	9,050
Total Assets	<u>\$ 18,755</u>	<u>\$ (100)</u>	<u>\$ 18,655</u>
<u>Liabilities</u>			
Due to Morgan Park/Beverly Hills Business Association			
	\$ 111	\$ -	\$ 111
Total liabilities	111	-	<u>\$ 111</u>
Deferred Inflows			
Deferred property tax revenue	9,150	(9,150)	-
Fund Balance - unassigned	<u>9,494</u>	<u>(9,494)</u>	<u>-</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 18,755</u>		
Net position, unrestricted		<u>\$ 18,544</u>	<u>\$ 18,544</u>

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

Total fund balance - governmental funds	\$ 9,494
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.	<u>9,050</u>
Total net position - governmental activities	<u>\$ 18,544</u>

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

**WALDEN PARKWAY SPECIAL SERVICE AREA NUMBER 64
(MORGAN PARK-BEVERLY HILLS BUSINESS ASSOCIATION, CONTRACTOR)
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS, REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2015**

	Governmental Funds	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 8,078	\$ 1,072	\$ 9,150
Total revenues	<u>8,078</u>	<u>1,072</u>	<u>9,150</u>
Expenditures/Expenses			
Economic/business development - program	6,788	-	6,788
Operational and administrative support	<u>1,217</u>	<u>-</u>	<u>1,217</u>
Total expenditures/expenses	<u>8,005</u>	<u>-</u>	<u>8,005</u>
Change in Fund Balance/Net Position	73	1,072	1,145
Fund Balance/Net Position			
Beginning of year	<u>9,421</u>	<u>7,978</u>	<u>17,399</u>
End of year	<u><u>\$ 9,494</u></u>	<u><u>\$ 9,050</u></u>	<u><u>\$ 18,544</u></u>

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

Net change in fund balance - governmental funds	\$ 73
Property tax revenue is recognized in the year it is available rather than when it is levied for governmental funds	<u>1,072</u>
Net change in net position - governmental activities	<u><u>\$ 1,145</u></u>

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

**WALDEN PARKWAY SPECIAL SERVICE AREA NUMBER 64
(MORGAN PARK-BEVERLY HILLS BUSINESS ASSOCIATION, CONTRACTOR)
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended December 31, 2015**

	Actual	Budget	Over (Under) Variance
Revenues			
Property Taxes	\$ 9,150	\$ 9,150	\$ -
Total revenues	<u>9,150</u>	<u>9,150</u>	<u>-</u>
Expenditures			
Programs			
2.00 Public Way Aesthetics			
2.05 Streetscape Elements	-	246	(246)
Total	<u>-</u>	<u>246</u>	<u>(246)</u>
4.00 Economic/Business Development			
4.09 SSA Designation	6,788	6,794	(6)
Total	<u>6,788</u>	<u>6,794</u>	<u>(6)</u>
Administrative			
6.00 SSA Management			
6.02 SSA Audit	700	700	-
6.03 Bookkeeping/Accounting Fees	500	-	500
6.10 Meeting Expenses	1	-	1
6.12 Bank Fees and Service Charges	16	-	16
Total	<u>1,217</u>	<u>700</u>	<u>517</u>
8.00 Loss Collection			
8.01 Loss Collection	-	1,410	(1,410)
Total	<u>-</u>	<u>1,410</u>	<u>(1,410)</u>
Total Expenditures	<u>8,005</u>	<u>9,150</u>	<u>(1,145)</u>
Excess of Revenues over Expenditures	<u>\$ 1,145</u>	<u>\$ -</u>	<u>\$ 1,145</u>

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

**WALDEN PARKWAY SPECIAL SERVICE AREA NUMBER 64
(MORGAN PARK/BEVERLY HILLS BUSINESS ASSOCIATION, CONTRACTOR)
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

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

Organization

The Walden Parkway Special Service Area Number 64 (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.

Morgan Park - Beverly Hills Business Association (the Association), Contractor for Walden Parkway Special Service Area Number 64 (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. The Organization was formed to revitalize the Morgan Park – Beverly Hills business district. 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 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.

**WALDEN PARKWAY SPECIAL SERVICE AREA NUMBER 64
(MORGAN PARK - BEVERLY HILLS BUSINESS ASSOCIATION, CONTRACTOR)
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

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 & Trust in Chicago, Illinois and all tax revenue funds are automatically deposited into this checking account.

Related Party Transactions

Walden Parkway Special Service Area Number 64 shares office space, equipment and employees through its affiliation with Morgan Park – Beverly Hills Business Association.

Walden Parkway Special Service Area Number 64 has no employees of its own, but reimburses the Association for payroll and related costs of the individuals who may work on the program. It also reimburses the Association for a portion of its applicable operating expenses when incurred. At December 31, 2015, the Organization owes \$111 to the Association for expenses incurred as the Contractor.

**WALDEN PARKWAY SPECIAL SERVICE AREA NUMBER 64
(MORGAN PARK/BEVERLY HILLS BUSINESS ASSOCIATION, CONTRACTOR)
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles and the government accounting standards board 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 “Walden Parkway Special Service Area Number 64” to provide special services in addition to those services generally provided by the City. The Association has been designated as “Contractor” under terms of the agreement. The City has authorized a levy not to exceed 1.0% 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 \$9,150 or the amount of service tax funds collected during 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 years ended December 31, 2015, the Organization has evaluated subsequent events through March 4, 2016, 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.

**WALDEN PARKWAY SPECIAL SERVICE AREA NUMBER 64
(MORGAN PARK/BEVERLY HILLS BUSINESS ASSOCIATION, CONTRACTOR)
SCHEDULE OF FINDINGS
December 31, 2015**

Findings

We have read and understand the necessary audit requirements contained in the Service Provider Agreement. Accordingly, based on our audit, we noted no exceptions during the year ending December 31, 2015 audit.