

Uptown Special Service Area 34
(a taxing district authorized by the City of Chicago)

Financial Statements
December 31, 2016 and 2015

**Uptown Special Service Area 34
Financial Statements
December 31, 2016 and 2015**

Index

<u>Financial Statements</u>	<u>Page</u>
Independent Auditor's Report	1-2
Statements of Net Position and Governmental Fund Balance Sheets December 31, 2016 and 2015	3
Statements of Activities and Governmental/ Fund, Revenues, Expenditures and Changes in Fund Balances December 31, 2016 and 2015	4
Notes to the Financial Statements - For the Years Ended December 31, 2016 and 2015	5-10
 <u>Supplementary Information</u>	
Schedule of Revenues and Expenditures - Budget and Actual December 31, 2016	11
Schedule of Revenues and Expenditures - Budget and Actual December 31, 2015	12
Summary Schedule of Findings For the Year Ended December 31, 2016	13

Independent Auditor's Report

To the Commissioners
Uptown Special Service Area 34

We have audited the accompanying financial statements of Uptown Special Service Area 34, which comprise the statement of net position and governmental fund balance sheet as of December 31, 2016 and 2015, and the related statements of activities and governmental fund / revenues, expenditures and changes in fund balances 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 from 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 audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Uptown Special Service Area 34 as of December 31, 2016 and 2015, and its statement of activities and governmental fund / revenues, expenditures and changes in fund balance, and summary schedule of audit findings for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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 page 12 and 13, are presented for comparison and analysis purposes only. The supplementary information is not a required part of the basic financial statements. We have not performed any auditing procedures on the budget amounts and therefore, express no opinion on them.

Eilts & Associates, Inc.

EILTS & ASSOCIATES, INC.
Chicago, Illinois
March 15, 2017

**Uptown Special Service Area 34
Statements of Net Position and
Governmental Fund Balance Sheets
December 31, 2016 and 2015**

	2016			2015		
	Governmental fund	Adjustments	Statement of Net position	Governmental fund	Adjustments	Statement of Net position
ASSETS						
Cash and cash equivalents	\$ 201,100	\$ -	\$ 201,100	\$ 68,760	\$ -	\$ 68,760
Property tax receivable, net allowance for uncollectable taxes of \$5,000 and \$5,000	735,874	-	735,874	743,001	-	743,001
TIF rebate receivable	29,207	-	29,207	41,528	-	41,528
Due from City of Chicago	29	-	29	-	-	-
Prepaid expenses	3,043	-	3,043	-	-	-
Total Assets	<u>\$ 969,253</u>	<u>\$ -</u>	<u>\$ 969,253</u>	<u>\$ 853,289</u>	<u>\$ -</u>	<u>\$ 853,289</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 89,971	\$ -	\$ 89,971	\$ 17,823	\$ -	\$ 17,823
Total Liabilities	89,971	-	89,971	17,823	-	17,823
DEFERRED INFLOWS						
Deferred property tax revenue	735,874	(735,874)	-	669,642	(669,642)	-
Total Deferred Inflows	735,874	(735,874)	-	669,642	(669,642)	-
FUND BALANCE / NET POSITION						
Committed						
Economic/business development	20,050	(20,050)	-	-	-	-
Unassigned	123,358	(123,358)	-	165,824	(165,824)	-
Total Fund balance	<u>143,408</u>	<u>(143,408)</u>	<u>-</u>	<u>165,824</u>	<u>(165,824)</u>	<u>-</u>
Total Liabilities, Deferred Infows and Fund Balance	<u>\$ 969,253</u>			<u>\$ 853,289</u>		
Net Position - Restricted		<u>\$ (879,282)</u>	<u>\$ 879,282</u>		<u>\$ (835,466)</u>	<u>\$ 835,466</u>

Amounts reported for government activities in the statement of net position are different because:

Total fund balance - governmental funds	\$ 143,408	\$ 165,824
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 government funds.	<u>735,874</u>	<u>669,642</u>
	<u>\$ 879,282</u>	<u>\$ 835,466</u>

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

Uptown Special Service Area 34
Statements of Activities and Governmental Fund /
Revenues, Expenditures
and Changes in Fund Balances
December 31, 2016 and 2015

	2016			2015		
	Governmental fund	Adjustments	Statement of Activities	Governmental fund	Adjustments	Statement of Activities
REVENUES						
Property taxes and interest	\$ 650,982	\$ 66,232	\$ 717,214	\$ 675,381	\$ 220,306	\$ 895,687
TIF rebates	-	-	-	41,528	-	41,528
Investment interest	20	-	20	82	-	82
Total revenues	651,002	66,232	717,234	716,991	220,306	937,297
EXPENDITURES						
Customer attraction	52,404	-	52,404	58,049	-	58,049
Public way aesthetics	382,621	-	382,621	352,795	-	352,795
Sustainability and public places	-	-	-	2,600	-	2,600
Economic/business development	68,870	-	68,870	7,059	-	7,059
Safety programs	3,810	-	3,810	4,446	-	4,446
Personnel	135,958	-	135,958	113,554	-	113,554
SSA management	29,755	-	29,755	22,593	-	22,593
Total expenditures	673,418	-	673,418	561,096	-	561,096
Excess of revenues over expenditures	(22,416)	66,232	43,816	155,895	220,306	376,201
Change in Net Position	(22,416)	66,232	43,816	155,895	220,306	376,201
Fund Balance/Net Position						
Beginning of the Year	165,824	669,642	835,466	9,929	449,336	459,265
End of the Year	<u>\$ 143,408</u>	<u>\$ 735,874</u>	<u>\$ 879,282</u>	<u>\$ 165,824</u>	<u>\$ 669,642</u>	<u>\$ 835,466</u>

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

Net change in Fund balance - governmental funds	\$ (22,416)	\$ 155,895
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	<u>66,232</u>	<u>220,306</u>
Change in Net Position	<u>\$ 43,816</u>	<u>\$ 376,201</u>

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

Uptown Special Service Area 34
(a taxing district authorized by the City of Chicago)

Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE 1 – Summary of Significant Accounting Policies

a. Nature of Activities and reporting entity

Uptown Special Service Area 34 (SSA) was formed by the City of Chicago to create a dynamic public space to attract, and revitalize new businesses and shoppers to strengthen the residential community. The city of Chicago formed a taxing district that allows property tax levied and collected to fund added services for a defined area. Uptown Special Service Area (SSA) 34 was established in December 2005 and renewed and expanded in December 2014. It encompasses the major commercial and mixed-use corridors of the Uptown community including both Broadway and Sheridan from Irving Park (4000 N) to Foster (5200 N), parts of Clarendon and Marine, as well as east-west streets of Argyle, Lawrence, Leland, Wilson, and Montrose.

Uptown Special Service Area 34 is governed by a Commission whose members are appointed by the City. Uptown United is the sole service provider for SSA 34. The Commission has contracted with Uptown United to provide additional services within SSA's boundaries. Uptown United is an Illinois non-for-profit corporation that is exempt from federal taxes under Section 501(c)3 of the Internal Revenue Code.

b. Governmental-Wide and Fund Financial Statements

The financial statements of the SSA have been prepared in conformity with accounting principles generally accepted in 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).

Uptown Special Service Area 34
(a taxing district authorized by the City of Chicago)

Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE 1 – Summary of Significant Accounting Policies – (continued)

Governmental-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.

Governmental-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.

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, 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

Uptown Special Service Area 34
(a taxing district authorized by the City of Chicago)

Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE 1 – Summary of Significant Accounting Policies – (continued)

subsequent to year-end. Expenditures are recorded when the liability is incurred. The preparation of financial statements in conformity with generally accepted accounting principles 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 reported period. Actual results could differ from those estimates.

d. Assets, Liabilities, and Net Position

Cash and cash equivalents

The SSA's cash and cash equivalents are considered to be 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.

Receivables

All property tax receivables are shown net of allowances. As of December 31, 2016 and 2015, the allowance is estimated to be approximately 1% of the outstanding property taxes.

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 the SSA board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the SSA board. Unassigned fund balance is the net resources in excess of what can be property classified in one of the above four categories.

Uptown Special Service Area 34
(a taxing district authorized by the City of Chicago)

Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE 1 – Summary of Significant Accounting Policies – (continued)

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.

e. Subsequent Events

Subsequent events have been evaluated through March 15, 2017, which is the date the financial statements were available to be issued.

NOTE 2 – Cash and Cash Equivalents

The SSA defines cash and cash equivalents 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 SSA maintains its cash balance in a financial institution located in Chicago, IL. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. The SSA's cash balance did not exceed the insurance level as of December 31, 2016 and 2015.

Uptown Special Service Area 34
(a taxing district authorized by the City of Chicago)

Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE 3 – Property Taxes

The SSA's principal source of revenue is from real estate taxes levied on certain property located in its boundaries. 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 March. The second installment is due in August 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 4 – Deferred Inflows of Revenue

A deferred inflow of resources / property tax revenue represents an acquisition of fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

NOTE 5 – Fund Equity / Net Position

The SSA is required to present information regarding its financial position and activities according to the Agreement for Uptown Special Service Area 34 between the City of Chicago and Uptown United. As of December 31, 2016 and 2015, the SSA had total fund balance of \$143,408 and \$165,824, respectively. Included in the total fund balance are property tax receipts received or refunds made within the first 60 days of 2016 and 2015 of \$0 and \$73,359, respectively. These funds will be utilized in this special service area during future years. If the SSA would have continued to follow the basis of accounting by the standards under FASB, the ending carry over amount / fund balance / net assets would have been \$143,408 and \$92,465 at December 31, 2016 and 2015, respectively.

Uptown Special Service Area 34
(a taxing district authorized by the City of Chicago)

Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE 6 – Related Party Transactions

The SSA is affiliated with Uptown United which acts as its sole service provider. Uptown Special service area 34 shares office space, equipment, and employees through this affiliation. Uptown Special Service Area 34 has no employees of their own, but reimburses Uptown United for payroll and related costs of the individuals working on the programs. It also reimburses Uptown United for a portion of its operating expenses, and allocation of rent and utilities. As of December 31, 2016 and 2015, included in Uptown Special Service Area 34 accounts payable were operating and personnel expenses of \$20,780 and \$7,241, respectively, due to Uptown United.

NOTE 7 – Accounts Payable

Accounts payable balance at December 31, 2016 and 2015, is \$89,971 and \$17,823, respectively. This balance consists of expenses incurred during the respective year related to customer attraction, streetscape, and personnel and SSA management.

Supplementary Information

**Uptown Special Service Area 34
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property revenues and interest	\$ 741,001	\$ 650,982	\$ 90,019
Late collections and interest	20,000	-	20,000
TIF rebates	12,321	-	12,321
Interest income	-	20	(20)
Less: loss collection	<u>(13,000)</u>	<u>-</u>	<u>(13,000)</u>
Total revenues	760,322	651,002	109,320
EXPENDITURES			
Customer attraction	69,750	52,404	17,346
Public way aesthetics	446,437	382,621	63,816
Sustainability and public places	3,000	-	3,000
Economic/business development	76,250	68,870	7,380
Safety programs	7,500	3,810	3,690
SSA management	39,840	29,755	10,085
Personnel	<u>148,482</u>	<u>135,958</u>	<u>12,524</u>
Total expenditures	<u>791,259</u>	<u>673,418</u>	<u>117,841</u>
Excess of revenues over expenditures	<u>\$ (30,937)</u>	<u>\$ (22,416)</u>	<u>\$ (8,521)</u>
CARRYOVER			
	<u>30,937</u>	<u>-</u>	<u>30,937</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ (22,416)</u>	<u>\$ 22,416</u>

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

**Uptown Special Service Area 34
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property revenues and interest	\$ 616,069	\$ 675,381	\$ (59,312)
TIF rebates	-	41,528	(41,528)
Interest income	-	82	(82)
Less: loss collection	<u>(8,000)</u>	<u>-</u>	<u>(8,000)</u>
Total revenues	608,069	716,991	(108,922)
EXPENDITURES			
Customer attraction	60,200	58,049	2,151
Public way aesthetics	383,155	352,795	30,360
Sustainability and public places	6,000	2,600	3,400
Economic/business development	10,100	7,059	3,041
Safety programs	11,000	4,446	6,554
SSA management	25,130	22,593	2,537
Personnel	<u>120,484</u>	<u>113,554</u>	<u>6,930</u>
Total expenditures	<u>616,069</u>	<u>561,096</u>	<u>54,973</u>
Excess of revenues over expenditures	<u>\$ (8,000)</u>	<u>\$ 155,895</u>	<u>\$ (163,895)</u>
CARRYOVER			
	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 155,895</u>	<u>\$ (155,895)</u>

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

**Uptown Special Service Area 34
(a taxing district authorized by the City of Chicago)**

**Summary Schedule of Findings
For the Year Ended December 31, 2016**

As part of our audit and request by the Special Service Area Annual Audited Financial and Accounting Guide prepared by the City of Chicago Department of Housing and Economic Development, we have read and understand the requirements contained in the Service Provider Agreement. After conducting the audit, we determined that no exceptions were noted. The auditor's report expresses an unmodified opinion on the financial statements of Uptown Special Service Area 34. 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