

**SPECIAL SERVICE AREA #55**  
**(a taxing district authorized by the City of Chicago)**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2013**

**SPECIAL SERVICE AREA MEMBER #55  
(a taxing district authorized by the City of Chicago)**

**YEAR ENDED DECEMBER 31, 2013**

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**INDEPENDENT AUDITOR'S REPORT**

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## INDEPENDENT AUDITOR'S REPORT

To the Commissioners of  
Special Service Area #55  
Chicago, Illinois

We have audited the accompanying financial statements of the Special Service Area #55 (a taxing district authorized by the City of Chicago), which comprise the statement of financial position as of December 30, 2013, and the related statements of activities and cash flows 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 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.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area #55 (a taxing district authorized by the City of Chicago) as of December 31, 2013 and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of statement of revenue and expenses - budget and actual and the summary schedule of audit findings on pages 9 and 10 are presented for purposes of additional analysis and are 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 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.

*Duffner & Company P.C.*

Palos Height, Illinois  
June 27, 2014

## **BASIC FINANCIAL STATEMENTS**

**SPECIAL SERVICE AREA #55**  
**(a taxing district authorized by the City of Chicago)**

**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2013**

ASSETS:

Current Assets

Cash	\$ 30,811
Accounts Receivable	<u>1,348</u>
Total Assets	<u><u>\$ 32,159</u></u>

LIABILITIES & NET ASSETS:

Current Liabilities

Accounts Payable	\$ 20,318
Total Liabilities	<u>20,318</u>

Net Assets

Unrestricted	<u>11,841</u>
Total Net Assets	<u>11,841</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 32,159</u></u>

The accompanying notes are an integral part of these financial statements

**SPECIAL SERVICE AREA #55**  
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**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

REVENUES:

Special Service Area #55 Tax Revenue	\$ <u>32,273</u>
Total Revenue	32,273

EXPENSES:

Program Services:	
Advertising and Promotion	1,847
Maintenance of the Public Way	-
Public Way Aesthetics	-
Special Service Area Planning	<u>14,000</u>
Total Program Services	15,847
Support Services	<u>4,585</u>
Total Expenses	<u>20,432</u>
Current Year Increase in Net Assets	11,841
Unrestricted Net Assets - Beginning of Year	<u>-</u>
Unrestricted Net Assets - End of Year	<u><u>\$ 11,841</u></u>

The accompanying notes are an integral part of the financial statements



**SPECIAL SERVICE AREA #55**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Cash Flows From Operating Activities	
Current Current Year Increase in Net Assets	\$ 11,841
Adjustments to reconcile change in net assets to net cash provided by operating activities -	
(Increase) decrease in operating assets	
Accounts Receivable	(1,348)
Increase (decrease) in operating Liabilities	
Accounts Payable	<u>20,318</u>
Net Cash Provided By Operating Activities	<u>30,811</u>
Cash At Beginning of Year	<u>-</u>
Cash at End of Year - 12/31/13	<u><u>\$ 30,811</u></u>
Supplemental Disclosures:	
Cash paid for interest	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements

**SPECIAL SERVICE AREA #55**  
**(a taxing district authorized by the City of Chicago)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nature of Activities: Special Service Area #55 (the Taxing District) is a taxing district authorized by the City of Chicago located in Chicago, Illinois. It is managed by the Mount Greenwood Community and Business Association. Its scope of services is to coordinate and supervise various activities with regard to the Taxing District. These services include coordinating marketing and promotional activities, sidewalk maintenance, beautification activities, new construction, security, strategic planning for the Area and other technical assistance activities to promote commercial and economic development in the area. The primary source of SSA funds is from real estate taxes on non-exempt commercial property located in the area, which are collected by the City of Chicago.

Financial Statement Presentation

The Taxing District has adopted FASB ASC 958 (formerly SFAS. NO. 117 Financial Statements of Not-for-Profit Organizations). Under FASB ASC 958, the Taxing District is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Taxing District is required to present a statement of cash flows. At December 31, 2013, the Taxing District did not have any temporarily restricted or permanently restricted net assets. As of December 31, 2013, the Taxing District had net unrestricted net assets of \$11,841.

Cash and Cash Equivalents

The Taxing District considers cash on hand cash in banks, certificates of deposit, and U.S. Government Securities and other highly liquid short term securities with initial maturities of three months or less to be cash equivalents.

Revenue Recognition

The Taxing District's financial statements are presented on the accrual basis of accounting. Revenues are recognized when the amount can be readily estimated or committed, and the payment is reasonably certain. Expenses are recorded when incurred.

Income Taxes

The Taxing District was established pursuant to Illinois State statute and City of Chicago ordinance as a Special Service Area and therefore not subject tax. The Mount Greenwood Community and Business Association which is the service provider for SSA #55, is a not-for profit organization that is exempt from federal income taxes under Sections 501c(3) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.

**SPECIAL SERVICE AREA #55**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

1. Nature of Activities and Significant Accounting Policies (continued)

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Taxing District generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 expenses during the reported period. Actual results could differ from those estimates.

2. Accounts Receivable

Accounts receivable consist of 2013 tax revenue received by the SSA within sixty days of the following year (2014). Actual cash received by the SSA in 2013 was \$30,925.

3. Accounts Payable

Accounts payable consists of management services performed in 2013 and expenses paid on behalf of the SSA by Mount Greenwood Community and Business Association in 2012 and 2013 which were unpaid as of December 31, 2013.

4. Related Party Transaction

The Taxing District is affiliated with the Mount Greenwood Community and Business Association, which provides certain administrative services for the Taxing District. As of December 31, 2013, \$4,585 was payable for services provided. For 2013 (the initial year of SSA operations) the Taxing District was charged \$4,585 for administrative services and \$14,000 as partial reimbursement to the Mount Greenwood Community and Business Association for the costs they incurred in establishing the Taxing District. A balance of \$9,875 due for those start up costs has been budgeted for payment as part of the 2013 levy year to be collected in 2014.

5. Functional Allocation of Expenses

The costs of providing program services and the general and administrative functions of the Taxing District have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the activities benefited when reasonably determinable. Any cost, the allocation of which is not reasonably determinable, has been reported as a support service expense.

**SPECIAL SERVICE AREA #55**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

6. Special Service Area Agreement

The Mount Greenwood Community and Business Association entered into an agreement with the City of Chicago on November 15, 2012, whereby the City has established a special service area known and designated as "Special Service Area Number 55" to provide special services in addition to those services generally provided by the City. The Mount Greenwood Community and Business Association has been designated as "Contractor" under the terms of the agreement. The City has authorized a levy not to exceed 0.85 % of the equalized assessed value of all property within the designated area to produce sufficient revenues to provide those services.

The maximum amount to be paid to the Contractor is the lesser of \$31,750 or the amount of service tax collected for the for the preceding tax year. The initial agreement for the year ended December 31, 2013 was extended for the calendar year 2014.

7. Evaluation of Subsequent Events

The Taxing District has evaluated subsequent events through June 27, 2014 the date which the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

SPECIAL SERVICE AREA #55  
(a taxing district authorized by the City of Chicago)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget	Actual	Variance
<u>REVENUES:</u>			
SSA #55 Tax Revenue	\$ 31,750	\$ 32,273	\$ (523)
Total Revenue	31,750	32,273	(523)
<u>EXPENSES:</u>			
Advertising and Promotion			
Web Site Development and Maintenance	1,250	847	403
Special Events	500	500	-
Display Advertising	500	500	-
Print Materials	250	-	250
Total Advertising and Promotion	2,500	1,847	653
Maintenance of the Public Way			
Sidewalk Cleaning	6,750	-	6,750
Total Maintenance of the Public Way	6,750	-	6,750
Public Way Aesthetics			
Decorative Banners and/or Holiday Decorations	2,250	-	2,250
Landscaping	250	-	250
Total Public Way Aesthetics	2,500	-	2,500
Special Service Area Planning			
Special Service Area Designation Planning	14,000	14,000	-
Total Special Service Area Planning	14,000	14,000	-
Support Services			
Personnel	3,000	3,000	-
Non Personnel Administrative Expenses			
special service area annual report	125	-	125
special service area audit	625	625	-
bookkeeping	188	-	188
office rent	500	500	-
office equipment lease/maintenance	250	250	-
office printing	100	-	100
postage	100	100	-
meeting expense	100	100	-
banking fees	12	10	2
Non Personnel Administrative Expenses	2,000	1,585	415
Total Support Services	5,000	4,585	415
Loss Collection on Real Estate Taxes	1,000	-	-
Total Expenses	31,750	20,432	10,318
Excess of Expenses over Revenues	\$ -	\$ 11,841	\$ (10,841)

The accompanying notes are an integral part of the financial statements

**SPECIAL SERVICE AREA #55**  
**(a taxing district authorized by the City of Chicago)**

**SUMMARY SCHEDULE OF AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

As part of our audit and request by the Special Service Area Annual Audited Financial Statement Guidelines Prepared by the City of Chicago Department of Planning and Development, we have read the requirements contained in the Agreement for Special Service Area #55 Between the City of Chicago and Mount Greenwood Community and Business Association and no exceptions were noted.

Per Article 5.03, the Contractor (SSA #55) established separate checking account at local banks in Chicago, Illinois. All Service Tax Funds were automatically deposited into this checking account. The Contractor did not commingle Service Tax Funds with funds from any other source.