

**Special Service Area #59  
Financial Statements and  
Independent Auditor's Report**

**December 31, 2013**

**Special Service Area #59  
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December 31, 2013**

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## INDEPENDENT AUDITOR'S REPORT

To the Advisory Board Members  
Special Service Area #59  
Chicago, Illinois

We have audited the accompanying statements of assets, liabilities and excess of assets over liabilities of Special Service Area #59 as of December 31, 2013, and the related statement of revenues, expenses and excess of revenues over expenses for the year then ended. These financial statements are the responsibility of the Special Service Area #59's management. 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 that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The above noted financial statements are intended to present the operations of Special Service Area #59 in the manner and according to the accounting requirements outlined by the City of Chicago, as described in Note 2 of the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and excess of assets over liabilities of Special Service Area #59 as of December 31, 2013, and the revenues, expenses and excess of revenues over expenses for the year then ended in conformity with accounting requirements outlined by the City of Chicago, as described in Note 2 of the financial statements.

The supplemental information contained in the Schedule of Expenses - Budget to Actual, is presented for purposes of additional analysis, as required by the City of Chicago. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the board of directors and management of Greater Southwest Development Corporation and the advisory board members of Special Service Area #59 of the City of Chicago and is not intended to be and should not be used by anyone other than these specified parties.

*Evolve Financial*

Evolve Financial

Taxpayer Identification Number  
46-3683619

April 30, 2014

Lead Auditor: Michael R. Sieczkowski II, CPA

IL License No.: 065.035219

**Special Service Area #59**  
**Statement of Assets, Liabilities and Excess of Assets Over Liabilities**  
**December 31, 2013**

ASSETS

Cash and cash equivalents	\$ 1,521
Due from SSA #3	<u>5,415</u>
 Total Assets	 <u><u>\$ 6,936</u></u>

LIABILITIES AND EXCESS OF ASSETS OVER LIABILITIES

Due to Greater Southwest Development Corporation	\$ 1,510
Excess of assets over liabilities	<u>5,426</u>
	 <u><u>\$ 6,936</u></u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**Special Service Area #59**  
**Statement of Revenues, Expenses and Excess of Expenses Over Revenues**  
**Year Ended December 31, 2013**

	Budget	Actual
Revenues		
Tax Collections from the City of Chicago	\$ 290,000	\$ 259,405
Expenses		
Advertising and Promotion	1,000	-
Public Way Maintenance	10,600	4,113
Public Way Aesthetics	3,000	-
Façade improvements	80,000	81,457
Safety programs	103,500	100,500
SSA District Planning	47,900	47,845
Personnel	18,000	18,000
Admin Non-Personnel	8,000	2,064
Loss Collection	18,000	-
Total expenses	290,000	253,979
Excess of revenues over expenses	\$ -	5,426
Excess of assets over liabilities, beginning of year		-
Excess of assets over liabilities, end of year (carryover)		\$ 5,426

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.



**Special Service Area #59**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 1. Organization and Nature of Operations**

Greater Southwest Development Corporation (GSDC) is the catalyst for creating and maintaining a vital greater southwest Chicago community by empowering, building, and sustaining development to raise the quality of life for its neighborhood residents, businesses, and industries.

Special Service Areas (SSA) are local tax districts that fund expanded services and programs through a localized property tax levy within contiguous areas. The enhanced services and programs are in addition to those currently provided through the city. SSA funded projects typically include, but are not limited to: public way maintenance and beautification; district marketing and advertising; business retention/attraction, special events and promotional activities; auto and bike transit; security; facade improvements; and other commercial and economic development initiatives.

Special Service Area #59 (SSA #59) was established by the City of Chicago and is administered by GSDC. It represents a specified geographic area within the city from which a portion of the property tax collections are allocated thereto. The defined territory in whole or in part is encompassed by the following: both sides of 59th Street from the west side of Bell Street to the east side of Spaulding Street; the south side of 59th Street from the west side of Spaulding Street to the east side of Homen Avenue; the west side of Bell Street from the north side of 59th Street to the north side of 61st Street; both sides of Western Avenue from the south side of 56th Street to the north side of 60th Street; the east side of Western Avenue from 59th Street to one parcel north of 61st Street; both sides of Kedzie Avenue from the north side of 60th Street to the south side of 57th Street.

The city has contracted with GSDC to manage SSA #59 activities. GSDC provides and/or coordinates the provision of SSA services, which may include hiring staff and/or subcontractors as needed to fulfill the SSA work plan. GSDC also generates program reports to the City's Departments of Planning and Development, SSA Commission, aldermen, and the community via such means as meeting minutes, reports and/or newsletters. GSDC may also assist with the recruitment of SSA Commissioners.

**Note 2. Significant Accounting Policies**

*Basis of Presentation*

SSA #59 uses the accrual method of accounting; its financial statements reflect only assets, liabilities, and revenues and expenses specifically allocated to activities of SSA #59. No other assets, liabilities, revenues or expenses of GSDC are reported therein.

Presentation of these financial statements is governed by the requirements of the City of Chicago and is prepared on the other comprehensive basis of accounting (OCBOA), whereby actual and budgeted expenses are reported in conformity with the classification criteria developed by it. Under United States Generally Accepted Accounting Principles (GAAP), assets, that would be reported in the financial statements as capital assets or prepaid expenses and then depreciated or amortized, are charged directly to their respective allocated budgeted accounts. Accordingly, these financial statements are not in conformity with GAAP.

**Special Service Area #59**  
**Notes to Financial Statements - (Continued)**  
**December 31, 2013**

**Note 2. Significant Accounting Policies - (Continued)**

*Basis of Presentation - (Continued)*

Further, all assets of SSA #59, whether reflected in the financial statements or not, are owned by the City of Chicago on behalf of the residents within the specified geographic area previously outlined in Note 1 and may be claimed and/or withdrawn from use by the city at its discretion.

*Cash and Cash Equivalents*

All highly liquid investments with an initial maturity of three months or less, excluding amounts contained in investment portfolios, are considered to be cash equivalents.

Any certificates of deposit purchased with a maturity of three to twelve months are considered to be cash equivalents and are recorded at cost. These investments should be reflected at their market values, along with any unrealized gain or loss. However, the effect of using the cost method of valuation is not materially different from the results that would have been obtained under the market valuation method.

*Concentrations of Credit Risk*

Financial instruments, which potentially subject the entity to concentrations of credit risk, consist principally of cash. SSA #59 maintains its cash in various bank deposit accounts, which, at times, may exceed federally insured limits. SSA #59 has not experienced any losses in such accounts.

*Income Taxes*

SSA #59 is exempt from federal, state, and local income taxation as it is a non-taxpaying entity created by the City of Chicago, established solely for the purpose of the development of the community; SSA #59 receives funding directly from local property tax collections.

*Use of Estimates*

The preparation of financial statements 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 reporting period. Actual results could differ from those estimates.

**Note 3. Concentration of Revenues and Accounts Receivable**

All revenues (except interest on short-term investments and interest bearing cash accounts) are received from the City of Chicago and are to be used for rehabilitating, advertising, promoting, and maintaining the defined area. The allocated tax collections during 2013 were \$259,405. Future operations could be affected by changes in the economic or other conditions in that geographical area and/or by changes in the availability of city funding.



**Special Service Area #59**  
**Notes to Financial Statements - (Continued)**  
**December 31, 2013**

**Note 4. Related Party Transactions**

During the normal course of business there are expenses paid on SSA #59's behalf and allocated overhead costs from GSDC to SSA #59. The amount due to GSDC for these types of reimbursable costs at December 31, 2013 was \$1,510.

SSA #59 paid some expenses on behalf of SSA #3 during 2013; the amount due to SSA #59 from SSA #3 at December 31, 2013 was \$5,415 and has been repaid as of the issuance of this report on April 30, 2014.

**Note 5. Litigation, Risk, and Contingencies**

In the normal course of business, GSDC (including SSA #59) may be named as a defendant in various legal actions. As of April 30, 2014, GSDC is not aware of any pending litigation or other loss contingencies that would require recognition or disclosure of any contingent liabilities in the SSA #59 financial statements at December 31, 2013.

**Note 6. Administrative Services**

Certain expenses incurred by SSA #59 are paid to GSDC as reimbursement of overhead. For the year ended December 31, 2013, the total of such expenses, including payroll, was \$20,064.

**Note 7. Subsequent Events**

GSDC management has evaluated the December 31, 2013 financial statements of SSA #59 for subsequent events affecting SSA #59 through April 30, 2014, the date the financial statements were available to be issued. GSDC is not aware of any additional subsequent events that would require recognition or disclosure in the accompanying financial statements.

**SUPPLEMENTAL INFORMATION**

**Special Service Area #59**  
**Schedule of Expenses - Budget to Actual**  
**Year Ended December 31, 2013**

	<u>Budget</u>	<u>Actual</u>
Advertising and Promotion		
1.05 Print materials	500	-
1.06 Holiday/Seasonal Promotions	<u>500</u>	<u>-</u>
Total Advertising and Promotion	<u>1,000</u>	<u>-</u>
Public Way Maintenance		
2.04 Acid etching removal and/or prevention	10,000	3,859
2.05 Equipment purchase/maintenance	100	
2.06 Supplies	<u>500</u>	<u>254</u>
Total Public Way Maintenance	<u>10,600</u>	<u>4,113</u>
Public Way Aesthetics		
3.09 Liability/Property Insurance	<u>3,000</u>	<u>-</u>
Façade improvements		
5.01 Façade enhancement program - rebates	50,000	52,957
5.02 Awning program - rebates	<u>30,000</u>	<u>28,500</u>
Total Façade improvements	<u>80,000</u>	<u>81,457</u>
Safety programs		
7.02 Security services	500	6,250
7.03 Safety improvement program - rebates	<u>103,000</u>	<u>94,250</u>
Total Safety programs	<u>103,500</u>	<u>100,500</u>
SSA District Planning		
8.01 SSA Designation	<u>47,900</u>	<u>47,845</u>
Personnel		
10.01 Nick Kollias - Commercial Director	6,000	6,000
10.02 Street Sweeper II - TBA	<u>12,000</u>	<u>12,000</u>
Total Personnel	<u>18,000</u>	<u>18,000</u>
Admin Non-Personnel		
11.02 SSA audit	2,000	1,200
11.06 Office supplies	1,000	513
11.08 Office printing	2,000	-
11.09 Postage	2,000	-
11.10 Meeting expense	<u>1,000</u>	<u>351</u>
Total Admin Non-Personnel	<u>8,000</u>	<u>2,064</u>
Loss Collection		
12.01 Loss Collection (Unpaid Taxes)	<u>18,000</u>	<u>-</u>
Totals	<u>\$ 290,000</u>	<u>\$ 253,979</u>

**Special Service Area #59**  
**Summary Schedule of Findings**  
**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 Housing and Economic Development, we have read the requirements contained in the Agreement for SSA #59 between the City of Chicago and Greater Southwest Development Corporation.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, there were no findings to report in 2013. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters, of which, we had no knowledge.