

**Lakeview Chamber of Commerce  
Special Service Area 27  
(a taxing district authorized by the City of Chicago)**

**Financial Statements  
12/31/2014**

**Lakeview Chamber of Commerce  
Special Service Area 27**

**Financial Statements  
December 31, 2014**

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Independent Auditor's Report

To the Commissioners  
Lakeview Chamber of Commerce  
Special Service Area 27

We have audited the accompanying financial statements of Lakeview Chamber of Commerce Special Service Area 27, which comprise the statement of net position and governmental fund balance sheet as of December 31, 2014, and the related statement of activities and governmental fund / revenues, expenditures and changes in fund balance 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 audit opinion.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lakeview Chamber of Commerce Special Service Area 27 as of December 31, 2014, 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.

### ***Emphasis of Matter***

During 2014, Lakeview Chamber of Commerce Special Service Area 27 changed its basis of accounting to follow the standards established by the Government Accounting Standards Board (GASB) applicable to governmental entities. Previously, the SSA was following a basis of accounting similar to a not-for-profit entity under the standards of the Financial Accounting Standards Board (FASB).

### ***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 11, 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.  
Chicago, Illinois  
April 9, 2015

**Lakeview Chamber of Commerce  
Special Service Area 27  
Statement of Net Position and  
Governmental Fund Balance Sheet  
December 31, 2014**

	Governmental fund	Adjustments	Statement of Net position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 172,078	\$ -	\$ 172,078
Property tax receivable, net allowance for uncollectable taxes of \$28,000	784,843	-	784,843
Prepaid expense	4,753	-	4,753
<b>Total Assets</b>	<b>\$ 961,674</b>	<b>\$ -</b>	<b>\$ 961,674</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 37,241	\$ -	\$ 37,241
<b>Total Liabilities</b>	37,241	-	37,241
<b>DEFERRED INFLOWS</b>			
Deferred property tax revenue	682,744	(682,744)	-
<b>FUND BALANCE / NET POSITION</b>			
Committed			
Public way aesthetics	35,333	(35,333)	-
Unassigned	206,356	(206,356)	-
<b>Total Fund balance</b>	<b>241,689</b>	<b>(241,689)</b>	<b>-</b>
<b>Total Liabilities, Deferred Infows and Fund Balance</b>	<b>\$ 961,674</b>		
<b>Net Position - Restricted</b>		<b>\$ 924,433</b>	<b>\$ 924,433</b>

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

Total fund balance - governmental funds	\$ 241,689
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.	682,744
<b>Total net position - governmental activities</b>	<b>\$ 924,433</b>

See notes to the financial statements

**Lakeview Chamber of Commerce  
Special Service Area 27  
Statement of Activities and Governmental Fund /  
Revenues, Expenditures  
and Changes in Fund Balance  
December 31, 2014**

	<u>Governmental fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>REVENUES</b>			
Property taxes and interest	<u>\$ 778,661</u>	<u>\$ (49,220)</u>	<u>\$ 729,441</u>
Total Revenues	778,661	(49,220)	729,441
<b>EXPENDITURES</b>			
Advertising and promotion	158,452	-	158,452
Public way maintenance	89,217	-	89,217
Public way aesthetics	261,823	-	261,823
Fascade improvements	13,095	-	13,095
Parking/transit/accessibility	3,853	-	3,853
District planning	23,000	-	23,000
Personnel	141,000	-	141,000
Admin non-personnel	<u>38,220</u>	<u>-</u>	<u>38,220</u>
Total expenditures	<u>728,660</u>	<u>-</u>	<u>728,660</u>
Excess of revenues over expenditures	<u>50,001</u>	<u>(49,220)</u>	<u>781</u>
Change in Net Position	50,001	(49,220)	781
<b>Fund Balance/Net Position</b>			
Beginning of the Year	<u>191,688</u>	<u>731,964</u>	<u>923,652</u>
End of the Year	<u>\$ 241,689</u>	<u>\$ 682,744</u>	<u>\$ 924,433</u>

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

Net change in Fund balance - governmental funds	\$ 50,001
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	<u>(49,220)</u>
Change in Net Position	<u>\$ 781</u>

See notes to the financial statements

**Lakeview Chamber of Commerce  
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**Notes to Financial Statements  
For the Year Ended December 31, 2014**

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**NOTE 1 – Summary of Significant Accounting Policies**

**a. Nature of Activities and reporting entity**

Lakeview Chamber of Commerce Special Service Area 27 is authorized by the City to provide services including, but not limited to: recruitment of new business to the Area, rehabilitation activities, maintenance and beautification activities, new construction, security, coordination of promotional and advertising activities, strategic planning for the Area, and other technical assistance activities to promote commercial and economic development (which may include, but are not limited to, streetscape improvements, strategic transit/parking improvement including parking management studies, and enhanced land use oversight and control initiatives).

The primary source of funds is from real estate taxes on certain property in the Special Service Area. Special Service Area 27 generates revenue for the sole purpose of improving and enhancing the business districts of Lakeview. The boundaries of which are generally properties Belmont – Ravenswood to Racine, Lincoln – Addison to Diversey, Ashland – Addison to Diversey, and Southport – Belmont to Byron.

Lakeview Chamber of Commerce Special Service Area 27 is governed by a Commission whose members are appointed by the City. The Commission has contracted with Lakeview Chamber of Commerce to provide additional services within SSA's boundaries. Lakeview Chamber of Commerce is an Illinois non-for-profit corporation that is exempt from federal taxes under Section 501(c)6 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

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Special Service Area 27  
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**Notes to Financial Statements  
For the Year Ended December 31, 2014**

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establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

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 as susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is



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**Notes to Financial Statements  
For the Year Ended December 31, 2014**

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deferred unless the taxes are received within 60 days 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, 2014, the allowance is estimated to be 4% 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.

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**Notes to Financial Statements  
For the Year Ended December 31, 2014**

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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 April 9, 2015, 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, 2014.

**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

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**Notes to Financial Statements  
For the Year Ended December 31, 2014**

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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 – Committed Funds**

Committed fund balance incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

During 2014, Lakeview Chamber of Commerce SSA 27 entered into an agreement with Wausau Tile for the construction of concrete benches. The total amount agreed upon per this agreement was \$50,333, of which \$15,000 was paid during 2014 as a down payment, and the remaining \$35,333 was included in the committed fund balance at December 31, 2015. The benches will be delivered and installed during 2015.

**NOTE 6 – Fund Equity / Net Position**

During 2014, Lakeview Chamber of Commerce Special Service Area 27 changed its basis of accounting to follow the standards established by the Government Accounting Standards Board (GASB) applicable to

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**Notes to Financial Statements  
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governmental entities. Previously, the SSA was following a basis of accounting similar to a not-for-profit entity under the standards of the Financial Accounting Standards Board (FASB). As a result of this change in basis of accounting, the opening fund balance of \$106,432, has been increased by the amount of property taxes received within the first 60 days of 2014 by \$85,256, resulting in the adjusted opening fund balance of \$191,688.

The SSA is required to present information regarding its financial position and activities according to the Agreement for Lakeview Chamber of Commerce Special Service Area 27 between the City of Chicago and Lakeview Chamber of Commerce. As of December 31, 2014, the SSA had total fund balance of \$241,689. 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 \$139,590.

**NOTE 7 – Related Party Transactions**

The SSA is affiliated with Lakeview Chamber of Commerce which acts as its sole service provider. Special service area 27 shares office space, equipment, and employees through this affiliation. Special Service Area 27 has no employees of their own, but reimburses Lakeview Chamber of Commerce for payroll and related costs of the individuals working on the programs. It also reimburses Lakeview Chamber of Commerce for a portion of its operating expenses, and allocation of rent and utilities.

As of December 31, 2014, the previous prepaid / advanced management fee and administrative costs accumulated, during 2013 to Lakeview Chamber of Commerce, were completely paid back to SSA 27, with the exception of a net balance of \$1,317. This remaining prepaid balance of \$1,317 is included on the balance sheet under prepaid expenses.

## Supplementary Information

**Lakeview Chamber of Commerce  
Special Service Area 27  
Schedule of Revenues and  
Expenditures - Budget and Actual  
December 31, 2014**

	Budget	Actual	Variance
<b>REVENUE</b>			
Property revenues - current year	\$ 757,220	\$ 778,618	\$ 21,398
SSA interest income	-	20	20
Interest	-	23	23
Less: Loss Collection	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
 Total revenues	 747,220	 778,661	 31,441
<b>EXPENDITURES</b>			
Advertising and promotion	165,500	158,452	7,048
Public way maintenance	94,000	89,217	4,783
Public way aesthetics	291,500	261,823	29,677
Tenant retention/attraction	2,000	-	2,000
Fascade improvements	26,000	13,095	12,905
Parking/transit/accessibility	5,000	3,853	1,147
Safety	1,000	-	1,000
District planning	23,000	23,000	-
Personnel	141,000	141,000	-
Admin non-personnel	<u>38,220</u>	<u>38,220</u>	<u>-</u>
 Total expenditures	 <u>787,220</u>	 <u>728,660</u>	 <u>58,560</u>
 Excess of revenues over expenditures	 <u>\$ (40,000)</u>	 <u>\$ 50,001</u>	 <u>\$ 90,001</u>
 <b>CARRYOVER</b>	 <u>40,000</u>	 <u>191,688</u>	 <u>151,688</u>
 Net revenues in excess of expenses	 <u>\$ -</u>	 <u>\$ 241,689</u>	 <u>\$ 241,689</u>

See notes to the financial statements

**Lakeview Chamber of Commerce  
Special Service Area 27  
(a taxing district authorized by the City of Chicago)**

**Notes to Financial Statements  
For the Year Ended December 31, 2014**

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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 unqualified opinion on the financial statements of Lakeview Chamber of Commerce Special Service Area 27. 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