

SPECIAL SERVICE AREA #19
(a taxing district authorized by the City of Chicago)

FINANCIAL STATEMENTS

DECEMBER 31, 2015

(TOGETHER WITH INDEPENDENT AUDITOR'S REPORT)

SPECIAL SERVICE AREA #19
(a taxing district authorized by the City of Chicago)

As of December 31, 2015

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THE A.C.T. GROUP Ltd

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of DevCorp North D/B/A Rogers Park Business Alliance
Commissioners of Special Service Area #19
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Special Service Area #19 (a taxing district authorized by the City of Chicago) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Special Service Area #19 basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 unqualified 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 #19 as of December 31, 2015 and the changes in financial position and budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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.

The A.C.T. Group, Ltd.

The A.C.T. Group, Ltd.
Certified Public Accountants
April 21, 2016

SPECIAL SERVICE AREA #19
(a taxing district authorized by the City of Chicago)
Managed by DevCorp North D/B/A Rogers Park Business Alliance
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2015

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
<u>Current Assets</u>			
Cash	\$ 42,018	\$ -	\$ 42,018
Property Tax Receivable, net of allowance for uncollectable taxes of \$11,839	284,139	-	284,139
Prepaid Expenses	757	-	757
Due from SSA #24	2,273	-	2,273
Due from SSA #54	256	-	256
	\$ 329,443	\$ -	\$ 329,443
TOTAL ASSETS	\$ 329,443	\$ -	\$ 329,443
 LIABILITIES			
<u>Current Liabilities</u>			
Accounts Payable	\$ 6,598	\$ -	\$ 6,598
Accrued Expenses	31,975	-	31,975
Due to City of Chicago	2,533	-	2,533
Due to RPBA	10,023	-	10,023
	51,129	-	51,129
TOTAL LIABILITIES	51,129	-	51,129
 DEFERRED INFLOWS			
Deferred Property Tax Revenue	284,139	(284,139)	-
 FUND BALANCES / NET POSITION			
<u>Non-spendable:</u>			
Prepaid Items	757	(757)	-
<u>Committed:</u>			
	-	-	-
<u>Assigned:</u>			
	-	-	-
<u>Unassigned</u>			
	(6,582)	6,582	-
TOTAL FUND BALANCE	(5,825)	5,825	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 329,443		
 <u>Net Position</u>			
Restricted		\$ 278,314	\$ 278,314

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

Total fund balance - governmental funds	\$ (5,825)
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 governmental funds.	284,139
Total net position - governmental activities	\$ 278,314

The accompanying notes are an integral part of the financial statements.

SPECIAL SERVICE AREA #19
(a taxing district authorized by the City of Chicago)
Managed by DevCorp North D/B/A Rogers Park Business Alliance
Statement of Activities and Governmental, Funds, Revenues,
Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2015

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES:			
Property Taxes	\$ 272,522	\$ 3,562	\$ 276,084
Interest Income	<u>6</u>	<u>-</u>	<u>6</u>
 TOTAL REVENUE	 <u>272,528</u>	 <u>3,562</u>	 <u>276,090</u>
EXPENSES:			
Services:			
Customer Attraction	93,123	-	93,123
Public Way Aesthetics	162,323	-	162,323
Sustainability & Public Places	1,684	-	1,684
Economic/Business Development	5,433	-	5,433
Safety Programs	<u>965</u>	<u>-</u>	<u>965</u>
Total Services Expense	<u>263,528</u>	<u>-</u>	<u>263,528</u>
Administration:			
Personnel	83,569	-	83,569
Admin - nonpersonnel	<u>38,654</u>	<u>-</u>	<u>38,654</u>
Total Administration Expense	<u>122,223</u>	<u>-</u>	<u>122,223</u>
TOTAL EXPENSES	<u>385,751</u>	<u>-</u>	<u>385,751</u>
 Excess of revenues over expenditures	 (113,223)	 113,223	
Change in Net Position		(109,661)	(109,661)
FUND BALANCE/NET POSITION			
Beginning of the Year	<u>107,398</u>	<u>280,577</u>	<u>387,975</u>
End of the Year	<u>\$ (5,825)</u>	<u>\$ 284,139</u>	<u>\$ 278,314</u>

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

Net change in Fund balance - governmental funds	\$ (113,223)
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds	<u>3,562</u>
Change in net position	<u>\$ (109,661)</u>

SPECIAL SERVICE AREA #19
(a taxing district authorized by the City of Chicago)
Managed by DevCorp North D/B/A Rogers Park Business Alliance
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended December 31, 2015 and 2014

	2015			2014		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES:						
Property Taxes	\$ 276,768	\$ 266,599	\$ (10,169)	\$ 294,094	\$ 286,832	\$ (7,262)
Interest Income	-	6	6	-	9	9
Late Collections	15,500	5,923	(9,577)	15,450	(1,051)	(16,501)
TOTAL REVENUE	292,268	272,528	(19,740)	309,544	285,790	(23,754)
EXPENSES:						
Customer Attraction						
Website	2,000	349	(1,651)	-	-	-
Special Events	25,000	26,915	1,915	-	-	-
Social Media Outreach	1,000	-	(1,000)	-	-	-
Decorative Banners	-	3,230	3,230	-	-	-
Holiday Decorations	15,450	34,675	19,225	-	-	-
Printed Materials	5,000	1,719	(3,281)	-	-	-
Display Advertising	15,000	17,925	2,925	-	-	-
PR/Media Relations	10,000	6,360	(3,640)	-	-	-
Holiday Shoppers Rebate	2,800	1,950	(850)	-	-	-
Total Customer Attraction	76,250	93,123	16,873	-	-	-
Public Way Aesthetics						
Landscaping	26,000	35,780	9,780	26,000	3,264	(22,736)
Façade Enhancement	15,000	49,110	34,110	-	-	-
Way Finding/Signage	30,000	-	(30,000)	30,000	-	(30,000)
Streetscape Elements	16,000	2,322	(13,678)	16,000	2,293	(13,707)
Public Art	30,000	47,052	17,052	30,000	18,986	(11,014)
City Permits	500	400	(100)	-	-	-
Equipment Purchase/Maintenance	2,000	554	(1,446)	20,000	15,968	(4,032)
Supplies	1,500	1,291	(209)	-	-	-
Storage	2,000	720	(1,280)	-	-	-
Liability/Prop Insurance	1,000	3,822	2,822	-	-	-
Banners and/or Holiday Decorations	-	-	-	15,450	17,162	1,712
Sidewalk Snow Plowing	-	21,272	21,272	-	-	-
Total Public Way Aesthetics	124,000	162,323	38,323	137,450	57,673	(79,777)
Sustainability & Public Places						
Garbage/Recycling Program	1,200	1,661	461	-	-	-
Bicycle Transit Enhancements	2,000	23	(1,977)	-	-	-
Total Sustainability & Public Places	3,200	1,684	(1,516)	-	-	-
Economic/Business Development						
Site Marketing	1,000	(25)	(1,025)	-	-	-
Strategic Planning	10,000	3,349	(6,651)	-	-	-
Commission Development	1,000	2,109	1,109	-	-	-
Total Econ./Bus. Development	12,000	5,433	(6,567)	-	-	-
Safety Programs						
Public Way Surveillance	2,000	965	(1,035)	2,000	1,604	(396)
Total Safety Programs	2,000	965	(1,035)	2,000	1,604	(396)

The accompanying notes are an integral part of the financial statements.

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Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended December 31, 2015 and 2014

	2015			2014		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Advertising & Promotion						
Website and/or Social Media	-	-	-	1,000	1,054	54
Public and/or Media Relations	-	-	-	15,000	4,053	(10,947)
Special Events	-	-	-	25,000	20,620	(4,380)
Display Advertising	-	-	-	10,000	1,380	(8,620)
Printed Materials	-	-	-	5,000	1,484	(3,516)
Holiday Shoppers Rebate	-	-	-	4,000	3,212	(788)
Other	-	-	-	1,200	40	(1,160)
Total Advertising & Promotion	-	-	-	61,200	31,843	(29,357)
Public Way Maintenance						
Sidewalk Snow Plowing	-	-	-	10,000	21,680	11,680
Equipment Purchase/Maintenance	-	-	-	3,000	535	(2,465)
Supplies	-	-	-	1,500	1,999	499
Storage Fees	-	-	-	1,800	723	(1,077)
Liability/Property Insurance	-	-	-	600	2,485	1,885
Trash Removal Service	-	-	-	-	1,281	1,281
Total Public Way Maintenance	-	-	-	16,900	28,703	11,803
Tenant Retention/Attraction						
Data Collection	-	-	-	200	292	92
Site Marketing Materials	-	-	-	1,000	-	(1,000)
Total Tenant Retention/Attraction	-	-	-	1,200	292	(908)
Façade Improvements						
Façade Enhance Program - Rebates	-	-	-	30,000	17,532	(12,468)
Total Façade Improvements	-	-	-	30,000	17,532	(12,468)
Parking/Transit/Accessibility						
Bicycle Transit Enhancements	-	-	-	2,000	400	(1,600)
Total Parking/Transit/Accessibility	-	-	-	2,000	400	(1,600)
District Planning						
Commission Development	-	-	-	1,000	-	(1,000)
Strategic Planning	-	-	-	5,000	981	(4,019)
Total District Planning	-	-	-	6,000	981	(5,019)
SSA Mgt/Admin. Non-Personnel						
Audit	5,000	3,200	(1,800)	3,200	3,200	-
Bookkeeping	16,000	16,001	1	12,407	14,790	2,383
Office Rent	12,915	12,915	-	10,332	13,850	3,518
Office Utilities	1,550	2,238	688	3,319	3,857	538
Office Supplies	775	843	68	802	802	-
Office Equip Lease/Maint	439	1,186	747	341	341	-
Office Printing	382	382	-	152	152	-
Postage	454	454	-	824	824	-
Meeting Expense	1,000	842	(158)	989	1,820	831
Subscriptions/Dues	1,000	50	(950)	187	1,550	1,363
Banking Fees	100	-	(100)	100	-	(100)
Other	-	543	543	1,162	366	(796)
Total Total SSA Mgt./Admin. Non-Personnel	39,615	38,654	(961)	33,815	41,552	7,737
Personnel						
Total Personnel	85,203	83,569	(1,634)	83,979	74,499	(9,480)
TOTAL EXPENSES	342,268	385,751	43,483	374,544	255,079	(119,465)
Excess of Revenues Over Expenses	\$ (50,000)	\$ (113,223)	\$ (63,223)	\$ (65,000)	\$ 30,711	\$ 95,711

The accompanying notes are an integral part of the financial statements.

SPECIAL SERVICE AREA #19
(a taxing district authorized by the City of Chicago)
Managed by DevCorp North D/B/A Rogers Park Business Alliance
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. Summary of Significant Accounting Policies

Reporting Entity: Special Service Area #19 (SSA) 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 section 501(c)(6) of the Internal Revenue code.

Government-Wide and Fund Financial Statements: The financial statements of the SSA have been prepared in conformity with the 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 the establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

Government-Wide financial statements (statements 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.

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 the related cash flows. Property taxes are recognized as revenues in the year 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.

The preparation of financial statement in conformity with accounting principles generally 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 reporting period. Accordingly, actual results could differ from those estimates.

SPECIAL SERVICE AREA #19
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Assets, Liabilities, and Net Position:

Cash, Cash equivalents and investments: The SSA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables: All property tax receivables are shown net of allowances. As of December 31, 2015, the allowance is estimated to be 4% of the outstanding property taxes.

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Fund Equity/Net Position: Government 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 enabling legislation or an outside party. Committed fund balance is a limitation 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 a net resource 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 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 statement, 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.

2. Cash

The Organization maintains its cash in a bank deposit account, which, at times, may exceed federally insured limits. The Organization had not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk in cash.

SPECIAL SERVICE AREA #19
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Managed by DevCorp North D/B/A Rogers Park Business Alliance
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

3. Property Taxes

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 in March. The second installment is due on August 1, 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.

As of December 31, 2015 the SSA owed to the City of Chicago \$2,533 for a property tax credit posted to their account in 2015 but not deducted from payments until the payments were received in 2016.

4. Related Party Transactions

The SSA is affiliated with DevCorp North D/B/A Rogers Park Business Alliance (RPBA), which provides certain administrative services for the SSA. As of December 31, 2015, \$10,023 was payable for services provided. The balance resulted from the time lag that 1) goods and services are being provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments are being made.

In addition, as of December 31, 2015, \$2,273 and \$256 was due from SSA #24 and SSA #54, respectively, for goods or services provided to these SSA's.

5. Uncertain Liability

In November, 2015 artwork that was commissioned and owned by the SSA at the City-owned Peterson Garden Project was blown off the fence hitting an individual in his wheelchair. He was taken to the hospital and his wheelchair was damaged. The amount of the possible liability is uncertain at this time.

6. Prior Year Reclassifications

For comparability, the prior year's financial statements reflect reclassifications where appropriate to conform to the financial statement presentation used this year.

SPECIAL SERVICE AREA #19
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

SUMMARY SCHEDULE OF FINDINGS

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 dated June 2013, we have read the requirements contained in the Agreement for Special Service Area #19 between the City of Chicago and DevCorp North D/B/A Rogers Park Business Alliance.

Per Article 5.03, the Contractor established a separate bank account in Chicago, Illinois. All service tax funds were automatically deposited into this bank account.

We noted certain expenditures for which actual expenses exceeded budgeted amounts.

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

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

