

**West Town Chicago Chamber of Commerce
Special Service Area 29 - 2014
(a taxing district authorized by the City of Chicago)**

**Financial Statements
December 31, 2016 and 2015**

**West Town Chicago Chamber of Commerce
Special Service Area 29-2014**

**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
West Town Chicago Chamber of Commerce
Special Service Area 29-2014

We have audited the accompanying financial statements of West Town Chicago Chamber of Commerce - Special Service Area 29-2014, which comprise the statements of net position and governmental fund balance sheets as of December 31, 2016 and 2015, and the related statement of activities and governmental fund / revenues, expenditures and changes in fund balance 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 West Town Chicago Chamber of Commerce - Special Service Area 29-2014 as of December 31, 2016 and 2015, and its statements 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 schedules of revenues and expenditures - budget and actual on page 11 and 12, 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
April 5, 2017

**West Town Chicago Chamber of Commerce
Special Service Area Number 29 - 2014
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	\$ 243,161	\$ -	\$ 243,161	\$ 167,449	\$ -	\$ 167,449
Property tax receivable, net allowance for uncollectable taxes of \$10,000, and \$10,000	572,445	-	572,445	563,924	-	563,924
Due from City of Chicago	5,624	-	5,624	-	-	-
TIF rebate receivable	12,645	-	12,645	10,796	-	10,796
Total Assets	<u>\$ 833,875</u>	<u>\$ -</u>	<u>\$ 833,875</u>	<u>\$ 742,169</u>	<u>\$ -</u>	<u>\$ 742,169</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 29,552	\$ -	\$ 29,552	\$ 42,029	\$ -	\$ 42,029
Total Liabilities	29,552	-	29,552	42,029	-	42,029
DEFERRED INFLOWS						
Deferred property tax revenue	572,445	(572,445)	-	481,092	(481,092)	-
Total Deferred Inflows	572,445	(572,445)	-	481,092	(481,092)	-
FUND BALANCE / NET POSITION						
Unassigned	231,878	(231,878)	-	219,048	(219,048)	-
Total Fund balance	231,878	(231,878)	-	219,048	(219,048)	-
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 833,875</u>			<u>\$ 742,169</u>		
Net Position - Restricted		<u>\$ (804,323)</u>	<u>\$ 804,323</u>		<u>\$ (700,140)</u>	<u>\$ 700,140</u>
Amounts reported for government activities in the statement of net position are different because:						
Total fund balance - governmental funds			\$ 231,878			\$ 219,048
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.			572,445			481,092
Total net position - governmental activities			<u>\$ 804,323</u>			<u>\$ 700,140</u>

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

**West Town Chicago Chamber of Commerce
Special Service Area Number 29 - 2014
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	\$ 506,443	\$ (91,353)	\$ 415,090	\$ 590,972	\$ (58,693)	\$ 532,279
TIF rebates	12,645	-	12,645	10,796	-	10,796
Interest	1,007	-	1,007	377	-	377
Total Revenues	520,095	(91,353)	428,742	602,145	(58,693)	543,452
EXPENDITURES						
Customer attraction	100,931	-	100,931	99,735	-	99,735
Public way aesthetics	213,044	-	213,044	126,978	-	126,978
Sustainability & public places	500	-	500	-	-	-
Economic business development	16,905	-	16,905	5,502	-	5,502
Safety programs	500	-	500	-	-	-
SSA management	37,265	-	37,265	31,419	-	31,419
Personnel	138,120	-	138,120	119,463	-	119,463
Total Expenditures	507,265	-	507,265	383,097	-	383,097
Excess of revenues over expenses	12,830	(91,353)	(78,523)	219,048	(58,693)	160,355
Change in Net Position	12,830	(91,353)	(78,523)	219,048	(58,693)	160,355
Fund Balance/Net Position						
Beginning of the Year	219,048	(58,693)	160,355	-	-	-
End of the Year	\$ 231,878	\$ (150,046)	\$ 81,832	\$ 219,048	\$ (58,693)	\$ 160,355

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

Net change in Fund balance - governmental funds		\$ 12,830		\$ 219,048
Property tax is recognized in the year it is levied rather than when it is available for governmental funds		(91,353)		(58,693)
Change in Net Position		\$ (78,523)		\$ 160,355

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

**West Town Chicago Chamber of Commerce
Special Service Area 29 - 2014
(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

The Organization entered into an agreement with the City of Chicago in 2015 for fifteen years, which will expire in 2030, and the annual agreement is based upon the calendar year whereby the City has established a special service area known and designated as "Special Service Area Number 29-2014" to provide special services in addition to those services generally provided by the City. West Town Chicago Chamber of Commerce has been designated as SSA 29-2014's "Contractor / Sole service provider" under terms of the agreement.

West Town Chicago 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. The Organization is dedicated to assist in the planning, developing and servicing of the West Chicago Avenue business district. The Organization, by contract with the City of Chicago, is the provider of special services to the West Chicago Avenue business district area and is funded by Special Service Area 29-2014 taxes.

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).

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.

**West Town Chicago Chamber of Commerce
Special Service Area 29 - 2014
(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)

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 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

**West Town Chicago Chamber of Commerce
Special Service Area 29 - 2014
(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)

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

This new special service area was created and established as of January 1, 2015, which includes most, but not all, properties that existed in SSA 29, the initial special service area. All property tax receivables are shown net of allowances. As of December 31, 2016 and 2015, the allowance for each year is estimated to be approximately 2% 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.

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.

**West Town Chicago Chamber of Commerce
Special Service Area 29 – 2014
(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)

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 5, 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.

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

**West Town Chicago Chamber of Commerce
Special Service Area 29 – 2014
(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 - (continued)

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 – Other Receivables

As of December 31, 2016 and 2015, a TIF rebate of \$12,645 and \$10,796, respectively, was identified and reported to the SSA, by the City of Chicago. TIF rebates will be received by the SSA over the term of this SSA.

NOTE 5 – Accounts Payable

Accounts payable balance at December 31, 2016 and 2015, is \$29,552 and \$42,029, respectively. These balances consist of expenses / services incurred during the respective year related to façade enhancement programs, tree maintenance, decorative banners, and reimbursed costs.

NOTE 6 – Deferred Inflows of Revenue / Deferred Property Tax 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. The balance in deferred property tax revenue at December 31, 2016 and 2015, reflective of the 2016 and 2015 levy, is \$572,445 and \$481,092, respectively.

NOTE 7 – Fund Equity / Net Position

The SSA is required to present information regarding its financial position and activities according to the Agreement for Special Service Area #29-2014 between the City of Chicago and West Town Chicago Chamber of Commerce. As of December 31, 2016 and 2015, the SSA had unrestricted net assets/carryover of \$231,878 and \$219,048, respectively.

**West Town Chicago Chamber of Commerce
Special Service Area 29 – 2014
(a taxing district authorized by the City of Chicago)
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015**

NOTE 7 – Fund Equity / Net Position - (continued)

These funds will be utilized in this special service area during future years. The net carryover amount at December 31, 2016, \$231,878, represents 33% of the original approved 2016 budget.

West Town Special Service Area 29-2014 was advised by West Town Chamber of Commerce, sole service provider of SSA 29-2014, that approval was made for this carryover of \$231,878, to be allocated to a reserve directly related to future projects related to 2016/2017 facade rebate projects, and additional public way aesthetics projects not normally performed annually.

NOTE 8 – Related Party Transactions

The SSA is affiliated with West Town Chicago Chamber of Commerce, which acts as its sole service provider. Special service area 29-2014 shares office space, equipment, and employees through this affiliation. Special Service Area 29-2014 has no employees of their own, but reimburses West Town Chicago Chamber of Commerce for payroll and related costs of the individuals working on the programs. It also reimburses West Town Chicago Chamber of Commerce for a portion of its operating expenses, and allocation of rent and utilities.

Supplementary Information

**West Town Chicago Chamber of Commerce
Special Service Area Number 29 - 2014
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2016**

	Budget	Actual	Variance
REVENUE			
Property taxes and interest	\$ 573,924	\$ 506,443	\$ (67,481)
TIF rebates	10,796	12,645	1,849
Late collections	16,000	-	(16,000)
Interest	-	1,007	1,007
Total Revenues	600,720	520,095	(80,625)
EXPENDITURES			
Customer attraction	114,796	100,931	13,865
Public way aesthetics	342,000	213,044	128,956
Sustainability and public places	500	500	-
Economic business development	20,000	16,905	3,095
Safety programs	4,450	500	3,950
SSA management	37,450	37,265	185
Personnel	138,124	138,120	4
Loss collection	35,000	-	35,000
Total Expenditures	692,320	507,265	185,055
Excess of revenues over expenditures	\$ (91,600)	\$ 12,830	\$ 104,430
CARRYOVER	91,600	-	(91,600)
Net revenue in excess of expenditures	\$ -	\$ 12,830	\$ 12,830

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

**West Town Chicago Chamber of Commerce
Special Service Area Number 29 - 2014
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2015**

	Budget	Actual	Variance
REVENUE			
Property taxes and interest	\$ 539,785	\$ 590,972	\$ 51,187
TIF rebates	-	10,796	10,796
Interest	-	377	377
	<u>539,785</u>	<u>602,145</u>	<u>62,360</u>
Total Revenues	539,785	602,145	62,360
EXPENDITURES			
Customer attraction	107,000	99,735	7,265
Public way aesthetics	241,429	126,978	114,451
Sustainability and public places	500	-	500
Economic business development	5,602	5,502	100
Safety programs	5,000	-	5,000
SSA management	32,200	31,419	781
Personnel	121,054	119,463	1,591
Loss collection	27,000	-	27,000
	<u>539,785</u>	<u>383,097</u>	<u>156,688</u>
Total Expenditures	539,785	383,097	156,688
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 219,048</u>	<u>\$ 219,048</u>
CARRYOVER			
	<u>-</u>	<u>-</u>	<u>-</u>
Net revenue in excess of expenditures	<u>\$ -</u>	<u>\$ 219,048</u>	<u>\$ 219,048</u>

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

**West Town Chicago Chamber of Commerce
Special Service Area 29 – 2014
(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 Planning and Development, we have read and understand the requirements contained in the Agreement for Special Service Area 29-2014, between the City of Chicago and West Town Chamber of Commerce.

The auditor's report expresses an unmodified opinion on the financial statements of West Town Chicago Chamber Special Service Area 29-2014 for the year ended December 31, 2016. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.

FINDING

After conducting this audit, we determined there was one finding per the above guide as follows: Unspent funds from 2016 being carried over to 2017 were in excess of 25% of the 2016's budget.

CLIENT RESPONSE/ CORRECTIVE ACTION

West Town Special Service Area 29-2014 was advised by West Town Chamber of Commerce, sole service provider of SSA 29-2014, that approval was made for this excessive carryover of \$231,878 to 2017. Per SSA 29-2014 and West Town Chamber of Commerce, this carryover will to be allocated to a reserve directly related to 2016/2017 projects - such as: facade rebate projects and public way aesthetics projects – not normally performed annually – in process during 2016 and will be completed in 2017.