

**LITTLE VILLAGE SPECIAL SERVICE
AREA #25 COMMISSION**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

**LITTLE VILLAGE SPECIAL SERVICE AREA #25 COMMISSION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

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To the Board of Directors
Little Village Special Service Area #25 Commission
Chicago, Illinois

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities and the major fund of Little Village Special Service Area #25 Commission as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table contents.

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 opinions 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 opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Little Village Special Service Area #25 Commission as of December 31, 2013, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note III. B. to the financial statements, the Commission changed its method of accounting to generally accepted accounting principles as applicable to governmental entities. Our opinions are not modified with respect to that matter.

Other Matter

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.

Mulcahy, Pauritsch, Salvador & Co., Ltd.

**LITTLE VILLAGE SPECIAL SERVICE AREA #25 COMMISSION
GOVERNMENTAL FUND BALANCE SHEET
AND STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	Governmental Fund General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 77,816	\$ -	\$ 77,816
Property taxes receivable, net of allowance for uncollectible taxes of \$25,769	379,707	-	379,707
Total assets	\$ 457,523	\$ -	\$ 457,523
LIABILITIES			
Accounts payable	\$ 18,085	\$ -	\$ 18,085
DEFERRED INFLOWS			
Unavailable property tax revenue	370,681	(370,681)	-
FUND BALANCE / NET POSITION			
Unassigned / unrestricted	68,757	370,681	439,438
Total liabilities, deferred inflows, and fund balance / net position	\$ 457,523	\$ -	\$ 457,523

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

Total fund balance - governmental fund	\$ 68,757
Property tax revenue is recognized in the period for which it is levied rather than when "available." A portion of the property tax is deferred as it is not available in the governmental funds	370,681
Total net position - governmental activities	\$ 439,438

See the notes to financial statements.

**LITTLE VILLAGE SPECIAL SERVICE AREA #25 COMMISSION
STATEMENTS OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE AND ACTIVITIES
YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Fund General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property taxes	\$ 381,966	\$ (42,919)	\$ 339,047
Interest income	<u>48</u>	<u>-</u>	<u>48</u>
Total revenues	<u>382,014</u>	<u>(42,919)</u>	<u>339,095</u>
Expenditures/ expenses:			
Advertising and promotion	84,510	-	84,510
Maintenance of the public way	268,129	-	268,129
Safety programs	4,670	-	4,670
Support services	<u>101,283</u>	<u>-</u>	<u>101,283</u>
Total expenditures / expenses	<u>458,592</u>	<u>-</u>	<u>458,592</u>
Deficiency of revenues under expenditures / expenses	(76,578)	76,578	
Change in net position		(119,497)	(119,497)
Fund balance / net position at beginning of year	<u>145,335</u>	<u>413,600</u>	<u>558,935</u>
Fund balance / net position at end of year	<u>\$ 68,757</u>	<u>\$ 370,681</u>	<u>\$ 439,438</u>

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

Deficiency of revenues under expenditures - governmental funds	\$ (76,578)
Property tax revenue is recognized in the year it is levied rather than when it is available for the governmental fund	<u>(42,919)</u>
Change in net position of governmental activities	<u>\$ (119,497)</u>

See the notes to financial statements.

LITTLE VILLAGE SPECIAL SERVICE AREA #25 COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2013</u>			<u>2012</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:						
Property taxes	\$ 449,135	\$ 381,966	\$ (67,169)	\$ 517,961	\$ 414,686	\$ (103,275)
Interest income	-	48	48	-	14	14
Total revenues	<u>449,135</u>	<u>382,014</u>	<u>(67,121)</u>	<u>517,961</u>	<u>414,700</u>	<u>(103,261)</u>
Expenditures:						
Advertising and promotion:						
1.01 Website and/ or social media	\$ 5,000	\$ 1,171	\$ 3,829	\$ 5,080	\$ 12,936	\$ (7,856)
1.02 Public and/or media relations	-	-	-	6,000	1,772	4,228
1.03 Special events	48,000	45,300	2,700	25,000	25,000	-
1.04 Display advertising	12,530	7,279	5,251	14,336	13,888	448
1.05 Print materials	8,000	10,760	(2,760)	5,000	5,056	(56)
1.06 Air media	25,000	20,000	5,000	57,000	20,000	37,000
Total advertising and promotion	<u>98,530</u>	<u>84,510</u>	<u>14,020</u>	<u>112,416</u>	<u>78,652</u>	<u>33,764</u>
Public way maintenance:						
2.01 Sidewalk cleaning	85,000	112,194	(27,194)	88,000	87,809	191
2.02 Sidewalk snow plowing	20,000	-	20,000	-	-	-
2.04 Acid etching removal	5,000	-	5,000	-	-	-
2.05 Equipment maintenance	-	-	-	15,400	12,587	2,813
2.06 Supplies	10,000	192	9,808	4,704	2,401	2,303
2.10 Other maintenance	18,000	40,000	(22,000)	-	-	-
Total public way maintenance	<u>138,000</u>	<u>152,386</u>	<u>(14,386)</u>	<u>108,104</u>	<u>102,797</u>	<u>5,307</u>
Public way aesthetics:						
3.01 Streetscape elements	5,000	4,570	430	-	-	-
3.02 Decorative banner purchase	30,000	33,628	(3,628)	5,000	3,277	1,723
3.04 Public art	15,000	15,000	-	-	-	-
3.05 Landscaping	80,000	61,735	18,265	80,000	66,374	13,626
3.05 Other: 26th Street maintenance	-	-	-	12,161	21,661	(9,500)
3.09 Public way other	-	810	(810)	2,500	809	1,691
3.10 Holiday decorations	-	-	-	40,000	55,409	(15,409)
Total public way aesthetics	<u>130,000</u>	<u>115,743</u>	<u>14,257</u>	<u>139,661</u>	<u>147,530</u>	<u>(7,869)</u>
Facade improvements:						
5.01 Facade enhancement	15,000	-	15,000	5,000	5,000	-
5.04 Service provider direct	-	-	-	7,000	-	7,000
5.05 Facade improvement other	5,000	-	5,000	5,000	5,000	-
Total facade improvements	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>17,000</u>	<u>10,000</u>	<u>7,000</u>
Parking / transit / accessibility:						
6.01 Parking facility	5,000	-	5,000	-	-	-

See the notes to financial statements.

LITTLE VILLAGE SPECIAL SERVICE AREA #25 COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013			2012		
	Budget	Actual	Variance	Budget	Actual	Variance
Safety programs:						
7.04 Police bicycle purchase	-	4,670	(4,670)	-	-	-
District planning:						
8.05 Economic impact study	-	-	-	26,730	23,500	3,230
Personnel:						
10.01 Executive director	35,400	35,400	-	27,000	27,000	-
10.02 Program director	24,780	24,780	-	25,200	25,200	-
10.03 Office administrator	3,540	3,540	-	3,600	3,600	-
Total personnel	<u>63,720</u>	<u>63,720</u>	<u>-</u>	<u>55,800</u>	<u>55,800</u>	<u>-</u>
Admin non-personnel:						
11.02 Audit	4,000	5,575	(1,575)	5,250	5,248	2
11.03 Bookkeeping	3,465	3,584	(119)	3,500	3,500	-
11.04 Office rent	8,125	8,125	-	5,000	5,000	-
11.05 Office utilities	3,750	3,750	-	2,500	2,500	-
11.06 Office supplies	6,000	6,000	-	3,500	3,500	-
11.07 Office equipment	3,600	3,600	-	2,000	2,000	-
11.08 Office printing	600	600	-	500	500	-
11.09 Postage	4,000	4,000	-	2,000	2,000	-
11.10 Meeting	1,875	837	1,038	2,000	2,002	(2)
11.11 Subscription / dues	500	-	500	500	500	-
11.12 Bank fees	-	-	-	-	27	(27)
11.14 Support other	1,500	1,492	8	1,500	-	1,500
Total admin non-personnel	<u>37,415</u>	<u>37,563</u>	<u>(148)</u>	<u>28,250</u>	<u>26,777</u>	<u>1,473</u>
Loss collection:						
12.01 Loss collection	29,000	-	29,000	30,000	-	30,000
Total expenditures	<u>521,665</u>	<u>458,592</u>	<u>63,073</u>	<u>517,961</u>	<u>445,056</u>	<u>72,905</u>
Excess (deficiency of revenues over (under) expenditures	<u>\$ (72,530)</u>	<u>\$ (76,578)</u>	<u>\$ (4,048)</u>	<u>\$ -</u>	<u>\$ (30,356)</u>	<u>\$ (30,356)</u>

See the notes to financial statements.

**LITTLE VILLAGE SPECIAL SERVICE AREA #25 COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Little Village Special Service Area #25 Commission (the "Commission") is a Special Service Area (SSA) formed in 2004 to create a dynamic public space to attract new businesses and shoppers to strengthen the residential community. The SSA is created by State statute and a City of Chicago ordinance that allows additional property taxes to be levied to fund added services for a defined area.

B. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Commission. Governmental activities include those that are normally supported by taxes.

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from the governmental funds.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Commission's fund. The emphasis of fund financial statements is on major governmental funds. The Commission reports one major governmental fund, the General Fund.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and 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 for which they are levied.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**LITTLE VILLAGE SPECIAL SERVICE AREA #25 COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

Property taxes associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

F. Budgetary Information

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. The Commission submits a proposed operating budget for the fiscal year to the City of Chicago for approval. The operating budget includes proposed expenditures and the means of financing them for the General Fund. The annual appropriation lapses at fiscal year end.

G. Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balance

1. Cash and Investments

The Commission'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.

2. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenues) until that time. The Commission has only one type of item, which arises under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable property tax revenue*, is reported in the governmental fund's balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount become available.

3. Net Position Flow Assumption

In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**LITTLE VILLAGE SPECIAL SERVICE AREA #25 COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

4. Fund Balance Flow Assumptions

Sometimes the Commission will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

5. Fund Balance Policies

Fund balance of the governmental fund is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Commission itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Commission's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the Commission that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Commission for specific purposes but do not meet the criteria to be classified as committed. Intent can be expressed by the Board of Directors or by an individual or body to which the Commission delegates the authority. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

H. Special Service Area Agreement

The Commission entered into an agreement with the City of Chicago on January 1, 2004, which expires December 31, 2014, whereby the City established a special service area known and designated as Little Village SSA Commission #25 to provide special services in addition to those normally provided by the City. The Little Village Chamber of Commerce has been designated as the Contractor which services the special service area.

**LITTLE VILLAGE SPECIAL SERVICE AREA #25 COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

I. 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 Cook County. Bills are issued and collected by Cook County who remits the Commission's share to the City of Chicago who then remits the monies to the Commission.

J. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures/expenses. Actual results could differ from those estimates.

K. Comparative Data

As required by the City of Chicago, comparative data for the prior year have been presented in the statement of revenues and expenditures - budget and actual - general fund.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk. As of December 31, 2013, the Commission's bank balance of \$78,200 was insured through the Federal Deposit Insurance Corporation (FDIC).

B. Receivables

Property taxes receivable are shown net of an allowance for uncollectible taxes of \$25,769, which represents 6.5% of the outstanding property taxes.

C. Related Party Transactions

During the year ended December 31, 2013, the Little Village Chamber of Commerce charged the Commission \$91,650 for employee and administrative costs.

**LITTLE VILLAGE SPECIAL SERVICE AREA #25 COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

III. OTHER INFORMATION

A. Subsequent Events

Management has evaluated subsequent events through April 30, 2014, which is the date the financial statements were available to be issued.

B. Change in Accounting Principle

Effective January 1, 2013, the Commission, as required by the City of Chicago, changed its method of accounting to generally accepted accounting principles as applicable to governmental entities.

SCHEDULE OF FINDINGS

LITTLE VILLAGE SPECIAL SERVICE AREA #25 COMMISSION
SCHEDULE OF FINDINGS
YEAR ENDED DECEMBER 31, 2013

Findings:

None.