

**Belmont Central
Special Service Area 2
(a taxing district authorized by the City of Chicago)**

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

**Belmont Central
Special Service Area 2**

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

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Independent Auditor's Report

To the Commissioners
Belmont Central
Special Service Area 2

We have audited the accompanying financial statements of Belmont Central Special Service Area 2, which comprise the statements of net position and governmental fund balance sheet as of December 31, 2016 and 2015, and the related statements of activities and governmental fund / revenues, expenditures and changes in fund balances 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 Belmont Central Special Service Area 2 as of December 31, 2016 and 2015, and its statements of activities and governmental fund / revenues, expenditures and changes in fund balance, and summary schedules of audit findings for the years 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 25, 2017

**Belmont Central
Special Service Area 2
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	\$ 419,526	\$ -	\$ 419,526	\$ 500,662	\$ -	\$ 500,662
Property tax receivable, net allowance for uncollectable taxes of \$5,000 and \$5,000	279,413	-	279,413	278,689	-	278,689
Security deposit	1,100	-	1,100	1,100	-	1,100
Total Assets	\$ 700,039	\$ -	\$ 700,039	\$ 780,451	\$ -	\$ 780,451
LIABILITIES						
Accounts payable and accrued expenses	\$ 11,447	\$ -	\$ 11,447	\$ 6,632	\$ -	\$ 6,632
Due to City of Chicago	9,393	-	9,393	-	-	-
Total Liabilities	20,840	-	20,840	6,632	-	6,632
DEFERRED INFLOWS						
Deferred property tax revenue	248,993	(248,993)	-	236,076	(236,076)	-
Total Deferred Inflows	248,993	(248,993)	-	236,076	(236,076)	-
FUND BALANCE / NET POSITION						
Unassigned	430,206	(430,206)	-	537,743	(537,743)	-
Total Fund balance	430,206	(430,206)	-	537,743	(537,743)	-
Total Liabilities, Deferred Inflows and Fund Balance	\$ 700,039			\$ 780,451		
Net Position - Restricted		\$ (679,199)	\$ 679,199		\$ (773,819)	\$ 773,819

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

Total fund balance - governmental funds	\$ 430,206	\$ 537,743
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.	248,993	236,076
Total net position - governmental activities	\$ 679,199	\$ 773,819

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

**Belmont Central
Special Service Area 2
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	\$ 243,695	\$ 12,917	\$ 256,612	\$ 288,543	\$ (38,699)	\$ 249,844
Interest income	3,189	-	3,189	3,009	-	3,009
TIF rebate	5,730	-	5,730	-	-	-
Other income	514	-	514	334	-	334
Total Revenues	253,128	12,917	266,045	291,886	(38,699)	253,187
EXPENDITURES						
Public way aesthetics	29,554	-	29,554	15,359	-	15,359
Sustainability and public places	116,415	-	116,415	45,154	-	45,154
SSA management	16,811	-	16,811	19,343	-	19,343
Personnel	197,885	-	197,885	196,942	-	196,942
Total Expenditures	360,665	-	360,665	276,798	-	276,798
Excess of revenues over expenditures	(107,537)	12,917	(94,620)	15,088	(38,699)	(23,611)
Change in Net Position	(107,537)	12,917	(94,620)	15,088	(38,699)	(23,611)
Fund Balance/Net Position						
Beginning of the Year	537,743	236,076	773,819	522,655	274,775	797,430
End of the Year	\$ 430,206	\$ 248,993	\$ 679,199	\$ 537,743	\$ 236,076	\$ 773,819

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

Net change in Fund balance - governmental funds	\$ (107,537)	\$ 15,088
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	12,917	(38,699)
Change in Net Position	\$ (94,620)	\$ (23,611)

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

**Belmont Central
Special Service Area 2
(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

Nature of Activities and reporting entity

Belmont Central Special Service Area 2 is a taxing district authorized by the City of Chicago located in Chicago, Illinois. Its scope of services is to coordinate and supervise various activities to improve and enhance the Belmont-Central business district, and maintain the operation of the local city owned parking garage. The Taxing District is supported through property taxes levied on commercial properties which are collected by the Cook County Treasure, and then distributed by the City of Chicago to respective Special Service Area.

Belmont Central Special Service Area 2 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracts with Belmont Central Chamber of Commerce to act as the sole service provider to Belmont Central Special Service Area 2. Belmont Central 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 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.

**Belmont Central
Special Service Area 2
(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

Cash and cash equivalents

**Belmont Central
Special Service Area 2
(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'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, 2016 and 2015, the allowance is estimated to be 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 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 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

**Belmont Central
Special Service Area 2
(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)

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 25, 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 financial institutions located in Chicago, IL. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. The SSA's cash balances did not exceed the insurance level at each financial institution 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 are issued and collected by Cook County who remits the SSA's share to the City who then remits the monies to the SSA.

**Belmont Central
Special Service Area 2
(a taxing district authorized by the City of Chicago)
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015**

NOTE 4 – Other Receivables

As of December 31, 2016, a TIF rebate of \$5,730 was identified, reported and received by the SSA, from the City of Chicago. TIF rebates will be received by the SSA over the term of this SSA.

NOTE 5 – Accounts Payable and accrued expenses

Accounts payable and accrued expenses balance at December 31, 2016 and 2015, is \$11,447 and \$6,632, respectively. These balances consist of expenses / services incurred / received during the respective year related to personnel and management costs.

NOTE 6 – Due to City of Chicago

Amounts due to City of Chicago \$9,393, represent property tax refunds determined but not yet refunded as of December 31, 2016.

NOTE 7 – 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 8 – Fund Equity / Net Position

The SSA is required to present information regarding its financial position and activities according to the Agreement for Belmont Central Special Service Area 2 between the City of Chicago and Belmont Central Chamber of Commerce. As of December 31, 2016 and 2015, the SSA had total fund balances of \$430,206 and \$537,743, respectively. These funds will be utilized in this special service area during future years as well as act as a reserve for any emergency parking garage repairs.

**Belmont Central
Special Service Area 2
(a taxing district authorized by the City of Chicago)
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015**

NOTE 8 – Fund Equity / Net Position – (Continued)

Belmont Central Special Service Area 2 was advised by Belmont Central Chamber of Commerce, the sole service provider of SSA 2, that approval was made for this carryover of \$430,206, to be allocated to a reserve directly related to future projects and unforeseen repairs related to the parking garage that it operates and maintains.

NOTE 9 – Related Party Transactions

The SSA is affiliated with Belmont Central Chamber of Commerce which acts as its sole service provider. Special service area 2 shares office space, equipment, and employees through this affiliation. Special Service Area 2 has no employees of their own, but reimburses Belmont Central Chamber of Commerce for payroll and related costs of the individuals working on the programs. It also reimburses Belmont Central Chamber of Commerce for a portion of its operating expenses, and allocation of rent and utilities.

Supplementary Information

**Belmont Central
Special Service Area 2
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2016**

	Budget	Actual	Variance
REVENUE			
Property revenues and late collections/interest	\$ 292,622	\$ 243,695	\$ 48,927
Interest	-	3,189	(3,189)
TIF rebate	5,730	5,730	-
Other income	-	514	(514)
Total revenues	298,352	253,128	45,224
EXPENDITURES			
Public way aesthetics	29,680	29,554	126
Sustainability and public places	125,233	116,415	8,818
SSA management	22,809	16,811	5,998
Personnel	195,900	197,885	(1,985)
Total expenditures	373,622	360,665	12,957
Excess of revenues over expenditures	\$ (75,270)	\$ (107,537)	\$ 32,267
CARRYOVER	75,270	-	75,270
Net revenues in excess of expenses	\$ -	\$ (107,537)	\$ 107,537

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

**Belmont Central
Special Service Area 2
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2015**

	Budget	Actual	Variance
REVENUE			
Property revenues and late collections/interest	\$ 299,878	\$ 288,543	\$ 11,335
Interest	-	3,009	(3,009)
Other income	-	334	(334)
Total revenues	299,878	291,886	7,992
EXPENDITURES			
Public way aesthetics	29,380	15,359	14,021
Sustainability and public places	49,968	45,154	4,814
SSA management	22,226	19,343	2,883
Personnel	198,304	196,942	1,362
Total expenditures	299,878	276,798	23,080
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 15,088</u>	<u>\$ (15,088)</u>
CARRYOVER			
	<u>-</u>	<u>-</u>	<u>-</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 15,088</u>	<u>\$ (15,088)</u>

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

**Belmont Central
Special Service Area 2
(a taxing district authorized by the City of Chicago)
Summary of 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 Belmont Central Special Service Area 2, between the City of Chicago and Belmont Central Chamber of Commerce. The auditor's report expresses an unmodified opinion on the financial statements of Belmont Central Chamber of Commerce Special Service Area 2 for the year ended December 31, 2016.

FINDINGS

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.
- SSA Commissioner included as an authorized signer on a SSA bank account.

CORRECTIVE ACTION / RESPONSE

- Unspent funds from 2016 being carried over to 2017 were in excess of 25% of the 2016's budget.

Belmont Central Special Service Area 2 was advised by Belmont Central Chamber of Commerce, the sole service provider of SSA 2, which approval was made for this carryover of \$430,206 to 2017. Per SSA 2 and Belmont Central Chamber of Commerce, this carryover will be allocated to a reserve for future projects and unforeseen expenses related to the operations and maintenance of the local city owned parking garage it manages.

- SSA Commissioner included as an authorized signer on a SSA bank account.

The SSA 2 commissioners have retained check-signing authority over the SSA accounts despite the acceptance of the Belmont-Central Chamber of Commerce as sole service provider beginning in 2009. During 2017, the Belmont-Central Chamber of Commerce will replace the existing SSA 2 commissioner as an authorized check signer with both the Executive Director of the Belmont-Central Chamber of Commerce as well as one of its Board Officers.