



THE EAST SIDE
BUSINESS IMPROVEMENT DISTRICT NO. 20
2016 OPERATING PLAN

August 29th, 2015

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THE East Side BUSINESS IMPROVEMENT DISTRICT 2016 OPERATING PLAN

I. INTRODUCTION

In 1984, the Wisconsin legislature created Sec. 66.1109 of the Statutes enabling cities to establish Business Improvement Districts (BIDs) upon the petition of at least one property owner within the proposed district. The purpose of the law is ". . .to allow businesses within those districts to develop, manage and promote the districts and to establish an assessment method to fund these activities." Upon petition from property owners within the East Side business district, the Common Council of the City of Milwaukee on 9/23/97 Resolution File Number 970779 created BID No. 20 (The East Side Business Improvement District) and adopted its initial operating plan.

The BID law requires that a BID Board "shall annually consider and make changes to the operation plan. . .The board shall then submit the operating plan to the local legislative body for approval." The Board of BID No. 20 (The East Side Business Improvement District) submits this 2016 BID operating plan in fulfillment of the statutory requirement.

This plan proposes a continuation and expansion of the activities described in the initial 1997 BID operating plan. Therefore, it incorporates by reference the earlier plans as adopted by the Common Council. In the interest of brevity, this plan emphasizes the elements, which are required by Sec. 66.1109, Wis. Stats. and the proposed changes for 2016. This plan does not repeat the background information that is contained in the initial operating plan.

II. RELATIONSHIP TO MILWAUKEE COMPREHENSIVE PLAN AND ORDERLY DEVELOPMENT OF THE CITY

No changes in the District planning or zoning have occurred since adoption of the initial operating plan.

III. DISTRICT BOUNDARIES

A listing of the properties in the district is provided in Appendix A.

IV. PROPOSED OPERATING PLAN 2016

A. Plan Objectives

The objectives of the BID are as follows:

- Act as a catalyst for private investment. Closely monitor new development opportunities, active recruiting of quality retail in new development and new vacancies, and marketing of area for renewed reinvestment.
- Promotion of the BID District as a desirable place to do business and to visit. Create signature events that drive traffic to the district.
- Improve the overall appearance and image of the area via clean programs, landscaping, and holiday lighting programs.

Proposed Activities

Principal activities to be undertaken by the BID during 2016 include, but are not limited to:

- 1) Continued promotion of the district via special events including the *East Side Green Market*, *Summer Soulstice Music Festival*, and *Tomato Romp!* festival, and general marketing initiatives for the neighborhood.
- 2) Continued staffing for East Side Architectural Review Board (created November of 2011) in coordination with City of Milwaukee.
- 3) Increased programming for planters, trash maintenance, and graffiti removal.
- 4) Promotion of the district as a place to do business, live, work, and recreate.
- 5) Recruitment of new businesses, retail, and retention of existing businesses.

C. Proposed Expenditures

Income for 2016 (numbers rounded)

Carryover 2015 to 2016	\$40,000
2015 Assessment	\$ 221,262
Other income	\$5,100
Projected Income Available in 2016	\$ 266,362

Expenses for 2016

Operating Expenses (office, contracts, district maintenance, etc.)	\$143,675
Loan Payment for 2016	\$78,150
Total Expenses for 2016	\$221,825

The BID Board will have the authority and responsibility to prioritize expenditures and to revise the district budget as necessary to match the funds actually available. Any

funds unspent at the end of 2016 shall be carried over to 2017 and applied against future expenses.

D. Financing Method

The City of Milwaukee and the district jointly and cooperatively funded the streetscaping. The district's share of the cost of the streetscaping and the operating expenses of the district will be funded by BID assessments on taxable properties within the district.

The district entered into a Development Agreement with the City of Milwaukee in 2001. The Agreement includes the issuing of municipal bonds to finance the district's portion of the total cost. The district shall pay, each year for the term of the bonds, the amount necessary for principal, interest and other expenses on its portion of the cost. This year's annual payment is \$78,150.00. The total loan period will be for 20 years.

The Development Agreement will constitute a long-term commitment and the district will not be terminated until all repayments to the City have been made and adequate provision is made for the operation and management of improvements financed through the district. The Development Agreement will be in addition to the operating plan. Both parties have executed the Development Agreement.

V. METHOD OF ASSESSMENT

A. Assessment Rate and Method

As of January 1, 2015, the properties in the district had a total BID assessable value of \$116,950,900 . This plan proposes to assess the taxable property in the district at a rate of \$5.00 per \$1,000 of assessed value with a cap at \$5,000 for the purposes of the BID. Appendix A shows the projected BID assessment for each property included in the district.

The principle behind the assessment methodology is that each property owner should contribute to the BID in proportion to the benefit derived from the BID. After consideration of assessment methods, it was determined that the assessed value of a property was the characteristic most directly related to the potential benefit provided by the BID. Therefore, a uniform rate applied on the

assessed value of each property was selected as the basic assessment method for BID No. 20.

The variables used to determine the regular BID assessments are:

- 1) The total assessed value of each tax key parcel within the district; and
- 2) the specific dollar amount per \$1,000 of the assessed value of each tax key parcel.

The assessment methodology is as follows: For each of the taxable tax key parcels within the BID boundaries, the BID assessment is calculated by applying a \$5.00 per \$1000 charge against the assessed value of the parcel.

B. Excluded and Exempt Property

The BID law requires explicit consideration of certain classes of property. In compliance with the law, the following statements are provided:

- 1) *Sec. 66.608 (1) (f) Im: The district may contain property used exclusively for manufacturing purposes, as well as properties used in part for manufacturing. These properties will be assessed according to the method set forth in this plan because it is assumed that they will benefit from development in the district.*
- 2) *Sec. 66.608 (5) (a): Property known to be used exclusively for residential purposes will not be assessed. Such properties are identified as BID Exempt Properties as revised each year.*

The law authorizing the creation of BIDs states the intention that residential space is considered a residential, and not commercial use. Therefore, the owner of any substantial residential property within the BID may certify to the BID Board the square footage of such real property used for residential and non-residential purposes. The percentage of square footage used for non-residential, as compared to the total square footage of such building, multiplied by the assessed value for the entire building on such real property, shall be the value of the real property used for multiplication against the BID assessment rate, subject to the \$5,000 per parcel cap. Calculation of floor area shall exclude basement area. Properties that receive an adjusted BID assessment in 1998 shall be assessed in 2016 only on the non-residential portion of the property as certified by the owner and accepted by the Board of Directors of BID No. 20.

- 3) *In accordance with the interpretation of the City Attorney regarding Sec. 66.1109 (1) (b), Wis. Stats., property exempt from general real estate taxes have been excluded from the district. Privately owned tax exempt*

property, which is expected to benefit from district activities, may be asked to make a financial contribution on a voluntary basis.

VI. CITY ROLE IN DISTRICT OPERATION

The City of Milwaukee has committed to helping private property owners in the district promote its development. To this end, the City has played a significant role in the creation of the BID and in the implementation of its operating plan. In particular, the City will continue to:

- 1) Provide technical assistance to the proponents of the district through adoption of the operating plan and provide assistance as appropriate thereafter.
- 2) Monitor and, when appropriate, apply for outside funds, which could be used in support of the district.
- 3) Collect BID assessments; maintain the BID assessments in a segregated account; and disburse the BID assessments to the district.
- 4) Receive annual audits as required per Sec. 66.1109 (3) (c) of the BID law.
- 5) On or before June 1st of each plan year, provide the Board, through the Tax Commissioner's Office, with the official City records on the assessed value of each tax key number within the district as of January 1st of each plan year for the purposes of calculating the BID assessments.
- 6) Encourage the State of Wisconsin, Milwaukee County and other units of government to support the activities of the district.

VII. BUSINESS IMPROVEMENT DISTRICT NO. 20 BOARD OF DIRECTORS AND EXECUTIVE DIRECTOR

The Board's primary responsibility will be implementation of this operating plan. The current BID No. 20 Board of Directors is comprised as follows:

- ❖ **Mike Honkamp**, President, property owner, co-owner, the Jazz Estate
- ❖ **Doug Williams**, Vice-President, business owner, *The Hotel Foster*
- ❖ **Dan Gumm**, Treasurer, representative of *Wisconsin Paperboard*
- ❖ **Geralyn Flick**, Secretary, owner of *Murray Hill Pottery Works*
- ❖ **Peg Silvestrini**, property owner, co-owner *Beans and Barley Café and Market*
- ❖ **Jeff Sherman**, co-owner *On Milwaukee.com*
- ❖ **Mike Vitucci**, property owner, Murray Ave. Partnership
- ❖ **Jim Plaisted**, Executive Director
- ❖ **Andrea Richards**, Marketing Coordinator

VIII. FUTURE YEARS' OPERATING PLANS

It is anticipated that the BID will continue to revise and develop the operating plan annually in response to changing development needs and opportunities in the district, in accordance with the purposes and objectives defined in this operating plan.

Section 66.1109 (3) (a) of the BID law requires the BID Board and the City to annually review and make changes as appropriate in the operating plan. Therefore, while this document outlines in general terms the complete development project, it focuses upon 2016 activities. Information on specific assessed values, budget amounts, and assessment amounts are based on 2015 conditions. Greater detail about subsequent years' activities will be provided in the required annual plan updates. Approval by the Common Council of such operating plan updates shall be conclusive evidence of compliance with this operating plan and the BID law.

In later years, the BID operating plan will continue to apply the assessment formula, as adjusted, to raise funds to meet the next annual budget. The method of assessing shall not be materially altered, except with the consent of the City of Milwaukee.

IX. AMENDMENT, SEVERABILITY, AND EXPANSION

The BID has been created under the authority of Section 66.608 of the Statutes of the State of Wisconsin. Should any court find any portion of this statute invalid or unconstitutional, its decision will not invalidate or terminate the BID and this BID operating plan shall be amended to conform to the law without need of re-establishment.

Should the legislature amend the statute to narrow or broaden the process of a BID so as to exclude or include as assessable properties of a certain class or classes of properties, then this BID operating plan may be amended by the Common Council of the City of Milwaukee as and when it conducts its annual review and approval of the operating plan and without necessity to undertake any other act. This is specifically authorized under Sec. 66.1109 (3) (b), Wis. Stats.

Appendix A

Properties in BID #20

taxkey	address	Total Assessment	BID Assessment
3190700000	2423 N MURRAY	\$ 451,000	\$ 2,255
319069900	2427 N. MURRAY	\$ 248,000	\$ 1,240
3190704000	1922 E THOMAS	\$ 262,000	\$ 1,310
3190721000	2018 E THOMAS	\$ 358,000	\$ 1,790
3190722000	2400 N MURRAY	\$ 449,000	\$ 2,245
3190723000	2406 N MURRAY	\$ 281,000	\$ 1,405
3190724000	2410 N MURRAY	\$ 217,000	\$ 1,085
3190727100	2428 N MURRAY	\$ 629,000	\$ 3,145
3190743000	2426 N FARWELL	\$ 747,000	\$ 3,735
3190744000	2414 N FARWELL	\$ 221,000	\$ 1,105
3190745000	2401 N MARYLAND	\$ 1,392,200	\$ 5,000
3190757000	2012 E NORTH	\$ 2,519,000	\$ 5,000
3190760110	2326 N FARWELL	\$ 2,346,000	\$ 5,000
3190764111	2303 N FARWELL	\$ 939,000	\$ 4,695
3190766110	2339 N MURRAY	\$ 1,052,000	\$ 5,000
3190768000	2333 N MURRAY	\$ 239,000	\$ 1,195
3190769000	2327 N MURRAY	\$ 254,000	\$ 1,270
3190770100	2319 N MURRAY	\$ 884,000	\$ 4,420
3190770200	1930 E NORTH	\$ 1,266,000	\$ 5,000
3190790000	1832 E NORTH	\$ 535,000	\$ 2,675
3191371000	2305 N PROSPECT	\$ 13,381,000	\$ 5,000
3191372000	2311 N PROSPECT	\$ 16,160,000	\$ 5,000
3191373000	2311 N PROSPECT	\$ 2,656,000	\$ 5,000
3191431000	2310 N OAKLAND	\$ 2,237,000	\$ 1,387
3200302112	1514 E THOMAS	\$ 6,301,400	\$ 5,000
3201523100	1726 E NORTH	\$ 390,000	\$ 1,950
3201524000	2303 N OAKLAND	\$ 555,000	\$ 347
3201525000	1700 E NORTH	\$ 895,000	\$ 4,475
3201531100	2340 N NEWHALL	\$ 1,175,000	\$ 5,000
3201532110	1614 E NORTH	\$ 951,000	\$ 4,755
3201534100	2333 N NEWHALL	\$ 290,100	\$ 1,451
3201535100	1530 E NORTH	\$ 322,000	\$ 1,610
3201537100	1518 E NORTH	\$ 735,000	\$ 3,675

3201539000	1504 E NORTH	\$ 632,000	\$ 3,160
3201540000	2320 N CAMBRIDGE	\$ 15,000	\$ 75
3201721000	2340 N CAMBRIDGE	\$ 285,000	\$ 1,425
3550101000	1507 E NORTH	\$ 190,400	\$ 952
3550103000	1515 E NORTH	\$ 319,000	\$ 1,595
3550139110	1431 E NORTH	\$ 647,000	\$ 3,235
3550431116	2202 N BARTLETT	\$ 2,719,600	\$ 5,000
3550432000	1617 E NORTH	\$ 400,000	\$ 2,000
3550448100	1609 E NORTH	\$ 1,251,000	\$ 5,000
3560215100	2252 N PROSPECT	\$ 2,879,000	\$ 5,000
3560229000	2140 N PROSPECT	\$ 814,000	\$ 4,070
3560278000	2211 N PROSPECT	\$ 891,000	\$ 4,455
3560279000	2201 N PROSPECT	\$ 1,351,000	\$ 2,249
3560281100	2214 N FARWELL	\$ 640,000	\$ 3,200
3560282000	2216 N FARWELL	\$ 2,204,000	\$ 5,000
3560283000	2238 N FARWELL	\$ 1,668,000	\$ 2,777
3560285000	2017 E NORTH	\$ 421,600	\$ 2,108
3560286000	2043 E NORTH	\$ 1,270,000	\$ 5,000
3560287000	2034 E IVANHOE	\$ 4,383,000	\$ 5,000
3560289111	1901 E NORTH	\$ 1,980,000	\$ 5,000
3560290100	2227 N FARWELL	\$ 560,000	\$ 2,800
3560296120	2219 N FARWELL	\$ 930,000	\$ 4,650
3560297000	2201 N FARWELL	\$ 1,220,500	\$ 2,032
3560298110	1854 E KENILWORTH	\$ 559,000	\$ 2,795
3560301000	1801 E NORTH	\$ 187,100	\$ 936
3560302000	1819 E KENILWORTH	\$ 1,351,700	\$ 5,000
3560310100	2169 N FARWELL	\$ 478,000	\$ 2,390
3560311000	2159 N FARWELL	\$ 225,000	\$ 1,125
3560312111	2121 N FARWELL	\$ 682,000	\$ 3,410
3560609100	2200 N PROSPECT	\$ 570,000	\$ 2,850
3560611100	2214 N PROSPECT	\$ 925,300	\$ 4,627
3561471000	2170 N PROSPECT	\$ 650,000	\$ 3,250
3561472000	2009 E KENILWORTH	\$ 968,000	\$ 4,840
3561495000	2185 N PROSPECT	\$ 3,582,000	\$ 5,000
3561521000	1857 E KENILWORTH	\$ 12,131,000	\$ 3,397

3562271000	2217 N PROSPECT	\$ 528,000	\$ 2,640
3562272000	2217 N PROSPECT	\$ 5,105,000	\$ -
Totals		\$ 116,950,900	\$ 221,262

East Side BID #20			
			2016
Income			
Assessment Income			
Receipts		\$	221,262
Less: Loan Payment		\$	78,150
Total Assessment Income		\$	143,112
Other Income			
Interest Income		\$	100
Contributions		\$	5,000
Reimbursed Expenses		\$	-
Total Other Income		\$	5,100
Total Available for Operations		\$	148,212
Expense			
BID Office Expense			
Executive Director		\$	46,200
Special Projects		\$	5,000
Liability/Loss Insurance		\$	2,300
Directors and Officers Insurance		\$	900
Worker's Compensation Insurance		\$	1,200
Employees*		\$	-
Taxes		\$	1,500
Payroll Expenses		\$	500
Accounting		\$	1,300
Office		\$	200
Supplies - Other		\$	200
Meals		\$	500
Seminar Fees		\$	250
Equipment Purchase		\$	500
Dues and Subscriptions		\$	750
Postage		\$	50
Printing and Reproduction		\$	500
Licenses and Permits		\$	-
Rent		\$	9,000
Contributions		\$	-
Bank Service Charges		\$	225
Miscellaneous		\$	-
Total BID Office Expense		\$	71,075

Streetscape			
Street Cleaning			\$ 20,000
Holiday Lighting			\$ 5,000
Streetscape maintenance			\$ 5,000
Planter maintenance			\$ 23,000
Graffiti Removal			\$ 3,000
Graphics for Kiosk			\$ 5,000
Harp Lighting Power			\$ 1,300
Equipment Repairs			\$ 500
Equipment Rental*			\$ -
Total Streetscape Expense			\$ 62,800
Total BID Operations Expenses			\$ 133,875
BID Operations Income(Loss)			\$ 14,337
BID Special Events & Marketing			
Marketing Expense			
Event Coordination			\$ 12,000
PR and Marketing Director			\$ 20,000
Web site development			\$ -
Internet Service			\$ 800
Total Marketing Expense			\$ 32,800
SSMF Expense / (Income)			\$ (15,000)
Green Market Expense / (Income)			\$ -
Tomato Romp Expense / (Income)			\$ (8,000)
Special Events & Marketing Exp (Income)			\$ 9,800
Total BID Expenses			\$ 143,675
Net Income (Loss)			\$ 4,537

2014-2015 Annual Report

East Side Business Improvement District #20



Activities for 2014-2015

The East Side B.I.D. #20 respectfully submits its Annual Report on the following activities undertaken in 2014-2015 (17th year in operation). They include:

- 1) Operated the 15th season of **The East Side Green Market**. Each Saturday, between June and October, neighborhood residents are invited to come down and enjoy fresh and organic produce, freshly prepared foods, arts and crafts, and free live music. Over 20 vendors have participated in this season and foot traffic from the neighborhood continues to increase. New location this year next to new East Branch of Milwaukee Public Library.
- 2) BID is providing staff for the new **East Side Architectural Review Board**. The ARB meets twice monthly (as necessary) and was created in November of 2011.
- 3) Maintenance of over **100 street planters** with variety of annuals, perennials, and bushes, 40 tree box outs, and other common areas in district.
- 4) 13th year of our **East Side Litter Maintenance** program. The group has contracted for services with a maintenance company to pick up litter weekly in our commercial neighborhood.
- 5) Hosted 15th annual **Summer Soulstice Music Festival** on June 20th, 2014, which attracted over 10,000 people to our all day celebration of the East Side. Featured arts and crafts vending, 3 music stages with 10 bands, food from East Side restaurants, and an Arts Avenue area on Murray Ave.
- 6) Hosted our 9th annual **Tomato Romp!** featuring the East Side Bloody Mary Contest, new Tomato Chomp, and famous Tomato Fight. The fight featured over 300 participants and raised \$3500 for organizations fighting hunger in our community.
- 7) Completed a **Retail Market and Planning study** for the district. Consultants have been hired to research the retail marketplace for existing and new buildings on East Side and to explore redevelopment opportunities west of Oakland on E. North Ave. The City of Milwaukee DCD was a financial partner on this project.
- 8) Continued efforts to **shape the development and retail environment** in our neighborhood. We continue to monitor development issues and inform interested investors and realtors about neighborhood goals related to redevelopment and preferred retail mix. Developments underway are **Mercy Housing's development at Farwell/Thomas Aves.** and **Joseph Property Development's 80 unit apartment building with retail at the former Prospect Mall parking lot on the 2200 block of N. Farwell.**
- 9) Welcomed **new businesses**: The Edge Apartment building, Erik's Bikes, Yoga 6, Blooming Lotus Bakery, The Bike Fixer, and Déjà Vu Antiques.
- 10) **Annual audit review** for 2014 was completed.

**EAST SIDE BUSINESS IMPROVEMENT
DISTRICT #20
MILWAUKEE, WISCONSIN**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2014 AND 2013**

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20
MILWAUKEE, WISCONSIN

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Independent Auditor's Report

Board of Directors
East Side Business Improvement District #20
Milwaukee, Wisconsin

We have audited the accompanying financial statements of East Side Business Improvement District #20, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 consolidated 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.

Opinion

In our opinion, financial statements referred to above present fairly, in all material respects, the financial position of the East Side Business Improvement District #20 as of December 31, 2014 and 2013 and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Krause & Associates, SC". The signature is written in a cursive style.

Krause & Associates, SC
Grafton, Wisconsin
March 18, 2015

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2014 AND 2013

	<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Cash and cash equivalents		\$ 42,462	\$ 55,054
Accounts receivable		<u>-</u>	<u>-</u>
TOTAL ASSETS		\$ 42,462 =====	\$ 55,054 =====

LIABILITIES AND NET ASSETS

LIABILITIES			
Accounts payable		\$ 950	\$ 930
Payroll tax liabilities		<u>766</u>	<u>2,469</u>
TOTAL LIABILITIES		1,716	3,399
NET ASSETS			
Unrestricted		<u>40,746</u>	<u>51,655</u>
TOTAL NET ASSETS		<u>40,746</u>	<u>51,655</u>
TOTAL LIABILITIES AND NET ASSETS		\$ 42,462 =====	\$ 55,054 =====

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

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
REVENUE		
BID assessments	\$ 218,768	\$ 218,806
Donations	5,000	5,800
Events – sponsorships and fees	107,878	165,578
Other	300	5,108
Interest	115	127
Total revenue	332,061	395,419
EXPENSES		
Program:		
Public improvements	\$ 5,050	\$ 6,663
Street maintenance and utilities	57,297	67,420
Equipment	-	2,534
Loan repayment to City of Milwaukee	78,150	78,150
Special events and member programming:		
Harley anniversary	-	28,883
Open Market	3,026	1,367
Summer Soulstice	67,278	71,605
Tomato Romp	20,304	22,698
Public relations	29,200	36,430
Marketing and planning study	15,220	-
Web design	5,000	-
Event marketing	482	3,011
Total program	281,007	318,761
Administrative expenses:		
Executive director	46,200	46,200
Audit	1,315	1,300
Insurance	4,399	9,227
Dues and subscriptions	602	595
Office supplies	1,767	4,496
Rent	7,680	7,500
Total administrative	61,963	69,318
Total expenses	342,970	388,079
Changes in net assets	(10,909)	7,340
Net assets, beginning of year	51,655	44,315
Net assets, at end of year	\$ 40,746	\$ 51,655

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

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (10,909)	\$ 7,340
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
(Increase) decrease in accounts receivable	-	3,855
Increase (decrease) in accounts payable	20	(1,688)
Increase (decrease) in payroll tax liabilities	(1,703)	142
Net cash provided by (used in) operating activities	(12,592)	9,649
Net increase (decrease) in cash and cash equivalents	(12,592)	9,649
Cash and cash equivalents at beginning of year	55,054	45,405
Cash and cash equivalents at end of year	\$ 42,462	\$ 55,054
Cash paid for interest	\$ -	\$ -

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

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Organization and business activity

The East Side Business Improvement District #20 (BID) represents Milwaukee's most exciting retail, entertainment, and residential district. Located between Lake Michigan, the Milwaukee River, downtown Milwaukee and the University of Wisconsin-Milwaukee; the BID is actively involved in the conscientious development of an enhanced business district designed for people looking for a dynamic place to live, work, shop, and relax.

The Mayor and the Common Council created the BID in October 1997 under the authority granted by Wisconsin Statutes Section 66.608. The BID is an association of property owners governed by seven board members. Members are appointed to three-year terms by the Mayor and confirmed by the Common Council. The BID is managed by a contracted executive director.

The BID is independent of the East Side Association, an organization of merchants, residential neighbors in the immediate business area that focuses on marketing, events, and other neighborhood initiatives.

2. Accounting method

The BID follows the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America, wherein revenues and expenses are recorded in the period earned or incurred. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the BID are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted net assets - Net assets subject to donor-imposed restrictions that may or may not be met, either by actions of the BID and/or the passage of time. When a restriction is met, restricted net assets are transferred to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. As of December 31, 2014 and 2013, the BID has no temporarily restricted net assets.

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2014 AND 2013

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Accounting method – continued

Permanently Restricted net assets – Net assets subject to a donor imposed restriction that they be maintained permanently by the BID. As of December 31, 2014 and 2013, the BID has no permanently restricted net assets.

3. Cash and cash equivalents

The BID considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

4. Streetscape improvements

Streetscape improvements are not capitalized; rather they are expensed as incurred as they are considered part of the City of Milwaukee's public infrastructure.

5. Income taxes

The BID is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

The BID evaluates its tax positions and assesses their uncertainty, if any, through review and application of various sources of tax authority including statutes, regulations, rulings, court cases and widely held administrative practices.

The BID's informational returns are subject to examination by the IRS, generally for three years after they were filed. Management believes that no uncertain tax positions exist for the BID at December 31, 2014 and 2013. The BID has not incurred any interest or penalties for income taxes for the years ended December 31, 2014 and 2013.

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 DECEMBER 31, 2014 AND 2013

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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 expenses during the reporting period. Actual results could differ from those estimates.

7. Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through March 18, 2015, which is the date that the financial statements were available to be issued.

B – REPAYMENT OF CITY OF MILWAUKEE ADVANCE

The BID, in cooperation with the City of Milwaukee finished streetscape improvements in 2003. Financing for the \$1.7 million project was funded partially by a \$500,000 contribution from the City of Milwaukee plus proceeds from a city bond issue.

The BID is obligated to repay the City of Milwaukee for its streetscape improvement assistance over 20 years, plus interest at 5.89%. The principal and interest amounts will be funded through future special tax assessments. The principal balance at December 31, 2014 and 2013 was \$437,976 and \$483,071, respectively.

The BID’s annual debt service obligation to the City of Milwaukee is \$78,150 through 2020 is as follows:

<u>Repayment Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 55,437	\$ 22,713
2016	58,702	19,448
2017	62,160	15,990
2018	65,821	12,329
2019	69,698	8,452
2020	<u>73,804</u>	<u>4,347</u>
	\$ 385,622	\$ 83,279
	=====	=====

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2014 AND 2013

C – MANAGEMENT SERVICES

The BID has contracted with its former executive director for administrative services for \$3,850 per month. The total paid in 2014 and 2013 under this contract was \$46,200 for each year. During 2014, the BID expanded the contract and included public relations services. The total paid in 2014 for under this contract was \$29,200.