

Calumet Heights/Avalon Park Commission

Special Service Area No. 50

Financial Statements

Year ended December 31, 2018

(With Independent Auditors' Report Thereon)



CALUMET HEIGHTS/AVALON PARK COMMISSION – SPECIAL SERVICE AREA NO. 50

TABLE OF CONTENTS

	<u>Page(s)</u>
Financial:	
Independent Auditors' Report.....	1 - 2
Statements of Net Position and Governmental Fund Balance Sheets.....	3
Statements of Activities and Governmental Fund, Revenues, Expenditures and Changes in Fund Balance.....	4
Statement of Revenues and Expenditures – Budget and Actual.....	5 - 6
Notes to Financial Statements.....	7 - 10
Supplementary Information:	
Summary Schedule of Findings.....	11



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Independent Auditors' Report

The Board of Commissioners of
Calumet Heights/Avalon Park Commission – Special Service Area No. 50:

We have audited the accompanying financial statements of Calumet Heights/Avalon Park Commission – Special Service Area No. 50 (a taxing district authorized by the City of Chicago), which comprise the statements of net position and governmental funds balance sheet as of December 31, 2018 and 2017 and the related statements of activities and governmental funds, revenues, expenditures and changes in fund balance, and statements of revenues and expenditures – budget and actual, 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 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 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.

Unmodified Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities and major fund of Calumet Heights/Avalon Park Commission – Special Service Area No. 50 (SSA #50) as of December 31, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of SSA #50 are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and major fund of the Calumet Heights/Avalon Park Commission that is attributable to the transactions of SSA #50. They do not purport to, and do not present fairly the financial position of the Calumet Heights/Avalon Park Commission as of December 31, 2018 and 2017, the changes in its activities, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management discussion and analysis (MD&A) 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 (GASB), 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.

Accounting principles generally accepted in the United States of America require that the statement of revenues and expenditures - budget and actual on pages 5 and 6 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by GASB 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient to evidence to express an opinion or provide any assurance.

Other Information

The summary schedule of findings has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

MO Financial Services, Inc.
Naperville, IL
April 29, 2019

CALUMET HEIGHTS AVALON COMMISSION SSA #50

Statements of Net Position and Governmental Funds Balance Sheet

Years ended December 31, 2018 and 2017

Assets	2018			2017		
	Governmental funds	Adjustments	Statement of net position	Governmental funds	Adjustments	Statement of net position
Current assets:						
Cash	\$ 19,840	\$ -	\$ 19,840	\$ 24,479	\$ -	\$ 24,479
Levy receivable, net allowance (note 6)	695,415	-	695,415	684,509	-	684,509
Prepaid expenses	21,371	-	21,371	-	-	-
Total assets	\$ 736,626	\$ -	\$ 736,626	\$ 708,988	\$ -	\$ 708,988
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ 35,379	\$ -	\$ 35,379	\$ 984	\$ -	\$ 984
Total liabilities	35,379	-	35,379	984	-	984
Deferred inflows of resources:						
Deferred property tax revenue (note 5)	513,600	(513,600)	-	543,615	(543,615)	-
Total deferred inflows	513,600	(513,600)	-	543,615	(543,615)	-
Fund balance/net position:						
Unrestricted	187,647	(187,647)	-	164,389	(164,389)	-
Total fund balance	187,647	(187,647)	-	164,389	(164,389)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 736,626			\$ 708,988		
Net position:						
Unrestricted		\$ (701,247)	\$ 701,247		\$ (708,004)	\$ 708,004
Amount reported for governmental activities in the statement of net position are different because:						
Total fund balance - governmental funds			\$ 187,647			\$ 164,389
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 fund.			513,600			543,615
Total net position - governmental activities			\$ 701,247			\$ 708,004

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

CALUMET HEIGHTS AVALON COMMISSION SSA #50

Statements of Activities and Governmental Funds, Revenues, Expenditures and Changes in Fund Balance

Years ended December 31, 2018 and 2017

	2018			2017		
	Governmental funds	Adjustments	Statement of activities	Governmental funds	Adjustments	Statement of activities
Revenue:						
Tax levy revenue	\$ 493,653	\$ -	\$ 493,653	\$ 543,615	\$ -	\$ 543,615
TIF levy revenue	28,652	-	28,652	-	-	-
Interest income	156	-	156	68	-	68
Total revenue and other support	522,461	-	522,461	543,683	-	543,683
Expenditures:						
Advertising and promotion services	77,147	-	77,147	174,705	-	174,705
Public way aesthetics	120,469	-	120,469	90,246	-	90,246
Tenant retention and attraction	24,353	-	24,353	28,456	-	28,456
Safety programs	77,973	-	77,973	68,091	-	68,091
Operational and Administrative Support	40,134	-	40,134	60,005	-	60,005
Personnel	105,169	-	105,169	107,132	-	107,132
Loss collection	53,958	-	53,958	29,793	-	29,793
Total expenditures	499,203	-	499,203	558,429	-	558,429
Excess of revenue over expenditures	23,258	-	23,258	(14,746)	-	(14,746)
Increase/(decrease) in net position	23,258	-	23,258	(14,746)	-	(14,746)
Fund balance/net position as of January 1, 2018 and 2017	164,389	-	164,389	179,134	-	179,134
Fund balance/net position as of December 31, 2018 and 2017	\$ 187,647	\$ -	\$ 187,647	\$ 164,389	\$ -	\$ 164,389

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

Increase/(decrease) in fund balance - governmental funds	\$ 23,258	\$ (14,746)
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds	-	-
Net change in net position - governmental activities	\$ 23,258	\$ (14,746)

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

CALUMET HEIGHTS AVALON COMMISSION SSA #50

Statement of Revenues and Expenditures - Budget and Actual

Year ended December 31, 2018

	Actual	Budget	Variance
Revenues:			
Tax levy revenue	\$ 493,653	\$ 493,653	\$ -
TIF levy revenue	28,652	28,652	-
Interest income	156	-	156
Total revenues	522,461	522,305	156
Expenditures:			
1.00 - Advertising and promotion services			
Website and/or social media	5,573	13,500	(7,927)
Free wifi program	-	100	(100)
Public/media relations services	574	-	574
Print materials	14,082	9,500	4,582
Decorative banners	-	15,000	(15,000)
Display advertising	160	-	160
Special events	48,758	40,400	8,358
Holiday decorations	8,000	22,000	(14,000)
Total advertising and promotion services	77,147	100,500	(23,353)
3.00 - Sustainability and public			
Garbage/recycling	-	7,000	(7,000)
Total sustainability and public	-	7,000	(7,000)
2.00 - Public way aesthetics			
Public art	76,635	69,805	6,830
Streetscape elements	17,974	8,000	9,974
Acid etching and removal	-	100	(100)
Landscaping	-	1,653	(1,653)
Elements to highlight major corridors	-	9,000	(9,000)
Permits for trash receptacles	-	1,300	(1,300)
Periodic snow removal	-	1,000	(1,000)
Façade enhancements	2,175	13,000	(10,825)
Sidewalk cleaning	23,685	80,000	(56,315)
Total public way aesthetics	120,469	183,858	(63,389)

CALUMET HEIGHTS AVALON COMMISSION SSA #50

Statement of Revenues and Expenditures - Budget and Actual

Year ended December 31, 2018

	Actual	Budget	Variance
4.00 - Economic/business development			
Site marketing	5,353	10,000	(4,647)
Strategic planning	19,000	42,000	(23,000)
Economic impact study	-	22,000	(22,000)
Comprehensive SSA cooridor plan	-	17,000	(17,000)
Total Economic/business development	24,353	91,000	(66,647)
5.00 - Safety programs			
Security patrol services	77,973	101,600	(23,627)
Total safety programs	77,973	101,600	(23,627)
6.00 - Operational and administrative support			
SSA annual report	5,000	6,000	(1,000)
Yearly report of projects involving the SSA	-	2,000	(2,000)
Audit/bookkeeping	6,100	8,000	(1,900)
Rent	13,883	5,800	8,083
Office utilities	5,051	1,000	4,051
Office supplies	2,166	2,500	(334)
Office equipment lease/maintenance	904	3,000	(2,096)
Printing office materials	-	500	(500)
Postage	99	1,000	(901)
Subscriptions and dues	350	1,000	(650)
Storage fees	2,028	1,800	228
Equipment for programs	-	1,500	(1,500)
Meeting expense	4,428	3,000	1,428
Interest on past due loans	25	1,000	(975)
Insurance	-	300	(300)
Banking fees	100	500	(400)
Total operational and administrative support	40,134	38,900	1,234
7.00 - Personnel			
Executive director	67,597	70,000	(2,403)
Program manager	37,572	30,000	7,572
Total personnel	105,169	100,000	5,169
8.00 - Loss collection			
Loss collection	53,958	66,553	(12,595)
Total loss collection	53,958	66,553	(12,595)
Total expenditures	499,203	682,411	(183,208)
Excess of revenue over expenditures	\$ 23,258	\$ (160,106)	\$ 183,364

CALUMET HEIGHTS/AVALON PARK COMMISSION – SPECIAL SERVICE AREA NO. 50

Notes to the Financial Statements

Years ended December 31, 2018 and 2017

1) Organization Description

a) Nature of Reporting Entity

Special Service Area No. 50 (SSA #50) is a taxing district authorized by the City of Chicago located in Chicago, Illinois. Its scope of services is to fund various activities to improve and enhance the Southeast Chicago Chamber of Commerce commercial district. The SSA is funded by property taxes levied on properties within the SSA boundaries, which are collected by the Cook County Treasurer, and then distributed by the City of Chicago to the SSA.

SSA #50 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with Southeast Chicago Chamber of Commerce to perform administrative duties as the service provider for this SSA during the reporting period. Southeast Chicago Chamber of Commerce is an Illinois not-for-profit corporation that is exempt from federal income taxes under Section 501c of the Internal Revenue Code.

b) Entity Description

Special Service Areas (SSA), known as Business Improvement Districts or BIDs in other cities, are local tax districts that fund expanded services and programs through a localized property tax levy within contiguous areas. The enhanced services and programs are in addition to those currently provided through the City. The Commission's operations are overseen by the Southeast Chicago Chamber of Commerce (the Chamber). The boundaries of the SSA are 79th Street and Paxton avenues west to 79th Street and the Metra tracks, 79th and Stony Island south to 94th and Stony Island, and 87th and Jeffrey west to 87th and Woodlawn in Chicago, Illinois.

SSA-funded projects typically include but are not limited to: public way maintenance and beautification; district marketing and advertising; business retention/attraction, special events and promotional activities; auto and bike transit; security; façade improvements; and other commercial and economic development initiatives.

The City contracts with local non-profits, called Service Providers, to manage SSAs. SSA Commissioners for each SSA district, which are appointed by the Mayor, oversee and recommend the annual services, budget and Service Provider Agency to the City. There are currently 44 active SSAs in Chicago.

CALUMET HEIGHTS/AVALON PARK COMMISSION – SPECIAL SERVICE AREA NO. 50

Notes to the Financial Statements

Years ended December 31, 2018 and 2017

2) Summary of Significant Accounting Policies

Government-Wide and Fund Financial Statements

The financial statements of SSA #50 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as U.S. GAAP. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Government-wide financial statements (statement of net position and statement of activities) are prepared using the economic resources measurement focus and accrued basis of accounting for all of SSA #50's activities. The Fund Financial Statements, which focus on SSA #50's governmental funds current financial resources measurement focus, are prepared on the modified accrual basis. SSA #50 accounts for its activities in one fund, its general fund.

Measurement Focus, Basic 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, i.e. both measurable and available to finance expenditures of the current period. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within sixty (60) days subsequent to year-end. Expenditures are recorded when the liability is incurred.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

CALUMET HEIGHTS/AVALON PARK COMMISSION – SPECIAL SERVICE AREA NO. 50

Notes to the Financial Statements

Years ended December 31, 2018 and 2017

Cash and Cash Equivalents

SSA #50's cash and cash equivalent 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. Presently, SSA #50 does not have any short-term investments.

Cash and cash equivalents are subject to custodial credit risk in the event of a bank failure, the SSA's deposit may not be returned. SSA #50 maintains its cash in bank deposit, at times, may exceed FDIC insured limits. The amount of cash that exceed FDIC insured limits is \$0 as of December 31, 2018 and 2017

Receivables

All property tax receivables are shown net of allowances. As of December 31, 2018, and 2017, there were no allowances estimated for the outstanding property taxes.

Prepaid Items

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

Fund Equity/Net Position

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by enabling legislation or an outside party. Committed fund balance is a limitation imposed by SSA #50's board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the SSA #50 board. Unassigned fund balance is the net resources in excess of what can be properly classified in one of the above four (4) 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 creditors,

CALUMET HEIGHTS/AVALON PARK COMMISSION – SPECIAL SERVICE AREA NO. 50

Notes to the Financial Statements

Years ended December 31, 2018 and 2017

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.

3) Property Taxes

Property taxes become an enforceable lien on the real property on January 1 of the year it is levied. Taxes are payable in two installments in the subsequent year. The first installment is an estimate based on the prior year billed levy (55%) and is due in March. The second installment is due on August 1, or 30 days from the mailing of the tax bills if issued later than July 1. The second installment is based on the remaining amount of the levy on file with the County. Bills are issued and collected by Cook County who remits SSA #50's share to the City. The City then remits the monies collected from Cook County to SSA #50.

4) 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.

5) Subsequent Events

For the fiscal years ending December 31, 2018, SSA #50's management has evaluated subsequent events through April 29, 2019, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed through that date.

CALUMET HEIGHTS/AVALON PARK COMMISSION – SPECIAL SERVICE AREA NO. 50

Service Provider Agreement Compliance

Summary Schedule of Findings and Responses

Year ended December 31, 2018

We have read and understand the necessary audit requirements contained in the Service Provider Agreement. Accordingly, based on our audit we noted no exceptions during the year ending December 31, 2018.