

Special Service Area 21-2016
(a taxing district authorized by the City of Chicago)
Managed by Lincoln Square Ravenswood Chamber of Commerce

Financial Statements
December 31, 2018 and 2017

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Independent Auditor's Report

To the Commissioners of
Special Service Area 21-2016
Managed by Lincoln Square Ravenswood Chamber of Commerce

We have audited the accompanying financial statements of Special Service Area 21-2016, (a taxing district authorized by the City of Chicago) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the SSA 21-2016 basic financial statements as listed in the table of 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area 21-2016 as of December 31, 2018 and 2017, and its statements of activities and governmental fund/revenues expenditures and changes in fund balance 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 10 and 11, 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 10, 2019

Special Service Area 21-2016
Managed by Lincoln Square Ravenswood Chamber of Commerce
Statements of Net Position and
Governmental Fund Balance Sheets
December 31, 2018 and 2017

	2018			2017		
	Governmental Fund	Adjustments	Statement of Net Position	Governmental Fund	Adjustments	Statement of Net Position
ASSETS						
Cash and cash equivalents	\$ 33,608	\$ -	\$ 33,608	\$ 32,220	\$ -	\$ 32,220
Property tax receivable, net allowance	246,849	-	246,849	242,706	-	242,706
Due from City of Chicago	3,400	-	3,400	3,400	-	3,400
Total Assets	<u>\$ 283,857</u>	<u>\$ -</u>	<u>\$ 283,857</u>	<u>\$ 278,326</u>	<u>\$ -</u>	<u>\$ 278,326</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 12,875	\$ -	\$ 12,875	\$ -	\$ -	\$ -
Total Liabilities	<u>12,875</u>	<u>-</u>	<u>12,875</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS						
Deferred property tax revenue	246,849	(246,849)	-	242,706	(242,706)	-
Total Deferred Inflows	<u>246,849</u>	<u>(246,849)</u>	<u>-</u>	<u>242,706</u>	<u>(242,706)</u>	<u>-</u>
FUND BALANCE / NET POSITION						
Unassigned	24,133	(24,133)	-	35,620	(35,620)	-
Total Fund Balance	<u>24,133</u>	<u>(24,133)</u>	<u>-</u>	<u>35,620</u>	<u>(35,620)</u>	<u>-</u>
Total Deferred Inflows and Fund Balance	<u>\$ 283,857</u>			<u>\$ 278,326</u>		
Net Position - Unrestricted		<u>\$ (270,982)</u>	<u>\$ 270,982</u>		<u>\$ (278,326)</u>	<u>\$ 278,326</u>

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

Total fund balance - governmental funds	\$ 24,133	\$ 35,620
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 governmental funds.	<u>246,849</u>	<u>242,706</u>
Total net position - governmental activities	<u>\$ 270,982</u>	<u>\$ 278,326</u>

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

Special Service Area 21-2016
Managed by Lincoln Square Ravenswood Chamber of Commerce
Statements of Activities and Governmental Fund, Revenues, Expenditures
and Changes in Fund Balance
December 31, 2018 and 2017

	2018			2017		
	Governmental Fund	Adjustments	Statement of Activities	Governmental Fund	Adjustments	Statement of Activities
REVENUES						
Property taxes and interest	\$ 241,517	\$ 4,143	\$ 245,660	\$ 241,043	\$ 242,706	\$ 483,749
TIF rebates	3,400	-	3,400	3,400	-	3,400
Total Revenues	244,917	4,143	249,060	244,443	242,706	487,149
EXPENDITURES						
Customer attraction	33,217	-	33,217	32,300	-	32,300
Public way aesthetics	96,840	-	96,840	114,537	-	114,537
Sustainability & public places	8,683	-	8,683	-	-	-
Economic / business development	54,028	-	54,028	5,175	-	5,175
SSA management	11,636	-	11,636	9,811	-	9,811
Personnel	52,000	-	52,000	47,000	-	47,000
Total expenditures	256,404	-	256,404	208,823	-	208,823
Excess of revenues over expenditures	(11,487)	4,143	(7,344)	35,620	242,706	278,326
Change in Net Position	(11,487)	4,143	(7,344)	35,620	242,706	278,326
Fund Balance/Net Position						
Beginning of the Year	\$ 35,620	\$ 242,706	\$ 278,326	\$ -	\$ -	\$ -
End of the Year	<u>\$ 24,133</u>	<u>\$ 246,849</u>	<u>\$ 270,982</u>	<u>\$ 35,620</u>	<u>\$ 242,706</u>	<u>\$ 278,326</u>

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

Net change in Fund balance - governmental funds	\$ (11,487)	\$ 35,620
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	4,143	242,706
Change in Net Position	<u>\$ (7,344)</u>	<u>\$ 278,326</u>

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

Special Service Area 21-2016
Managed by Lincoln Square Ravenswood Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 1 – Nature of Activities and reporting entity

Special Service Area 21-2016 (“SSA 21-2016”) 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 Lincoln Square Ravenswood 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.

Special Service Area 21-2016 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with Lincoln Square Ravenswood Chamber of Commerce to perform administrative duties as the service provider for this SSA during the reporting period. Lincoln Square Ravenswood Chamber of Commerce is an Illinois not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue code.

December 31, 2017 is the end of the first year of this SSA’s authorization of the levy for a period of fifteen years within the area.

NOTE 2 – Summary of Significant Accounting Policies

a. Government-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).

Special Service Area 21-2016
Managed by Lincoln Square Ravenswood Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 2 – Summary of Significant Accounting Policies – (continued)

b. 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 government 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 are 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.

c. Assets, Liabilities, and Net Position

Cash and cash equivalents

The SSA'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 acquisitions.

Special Service Area 21-2016
Managed by Lincoln Square Ravenswood Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 2 – Summary of Significant Accounting Policies – (continued)

Receivables

All property tax receivables are shown net of allowances. As of December 31, 2018 and 2017, the allowance is estimated to be 5% 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 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.

Special Service Area 21-2016
Managed by Lincoln Square Ravenswood Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 2 – Summary of Significant Accounting Policies – (continued)

d. Subsequent Events

Subsequent events have been evaluated through April 10, 2019, which is the date the financial statements were available to be issued.

NOTE 3 – Cash and cash equivalents

The SSA 21-2016 maintains its cash in a bank checking account, which at times, may exceed federally insured limits. The SSA has not experienced any losses in such accounts. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. The SSA's cash balance did not exceed the insurance level as of December 31, 2018 and 2017.

NOTE 4 – 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.

NOTE 5 – 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.

Special Service Area 21-2016
Managed by Lincoln Square Ravenswood Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 6 – Fund Equity/Net Position

The SSA is required to present information regarding its financial position and activities according to the Agreement for Special Service Area 21-2016 between the City of Chicago and Lincoln Square Ravenswood Chamber of Commerce. As of December 31, 2018 and 2017, the SSA net fund balance of \$24,133 and \$35,620, respectively. These funds will be utilized in this SSA area during future years.

NOTE 7 – Related Party Transactions

The SSA is affiliated with Lincoln Square Ravenswood Chamber of Commerce, which provides certain administrative services of the SSA. Special Service Area 21-2016 shares office space, equipment, and employees through this affiliation. SSA 21-2016 has no employees of their own, but reimburses Lincoln Square Ravenswood Chamber of Commerce for payroll and related costs, as well as a portion of its operating expenses, and allocation of rent and utilities. As of December 31, 2018 and 2017, there were not any payables from services provided. A balance in payable could result from the time lag that 1) goods and services were being provided or reimbursable expenditures occur, 2) transactions were recorded in the accounting system and 3) payments were being made.

Supplementary Information

Special Service Area 21-2016
Managed by Lincoln Square Ravenswood Chamber of Commerce
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property revenues and interest	\$ 241,550	\$ 241,517	\$ 33
TIF rebate	3,400	3,400	-
Total revenues	244,950	244,917	33
EXPENDITURES			
Customer attraction	33,770	33,217	553
Public way aesthetics	109,610	96,840	12,770
Sustainability & public places	8,820	8,683	137
Economic / business development	59,720	54,028	5,692
SSA management	13,150	11,636	1,514
Personnel	52,000	52,000	-
Total expenditures	277,070	256,404	20,666
Excess of revenues over expenditures	<u>\$ (32,120)</u>	<u>\$ (11,487)</u>	<u>\$ (20,633)</u>
CARRYOVER			
	<u>32,120</u>	<u>-</u>	<u>32,120</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ (11,487)</u>	<u>\$ 11,487</u>

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

Special Service Area 21-2016
Managed by Lincoln Square Ravenswood Chamber of Commerce
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property revenues and interest	\$ 242,994	\$ 241,043	\$ 1,951
TIF rebate	3,400	3,400	-
Total revenues	246,394	244,443	1,951
EXPENDITURES			
Customer attraction	33,410	32,300	1,110
Public way aesthetics	131,092	114,537	16,555
Economic / business development	20,550	5,175	15,375
SSA management	14,342	9,811	4,531
Personnel	47,000	47,000	-
Total expenditures	246,394	208,823	37,571
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 35,620</u>	<u>\$ (35,620)</u>
CARRYOVER			
	<u>-</u>	<u>-</u>	<u>-</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 35,620</u>	<u>\$ (35,620)</u>

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

Special Service Area 21-2016
Managed by Lincoln Square Ravenswood Chamber of Commerce
Summary Schedule of Findings
For the Year Ended December 31, 2018

As part of our audit and request by the Special Service Area Annual Audited Financial Statement Guidelines prepared by the City of Chicago Department of Planning and Development issued in 2018, we have read and understand the requirements contained in the Agreement for Special Service Area 21-2016 between the City of Chicago and Lincoln Square Ravenswood Chamber of Commerce.

Our auditor's report expresses an unmodified opinion on the financial statements of Special Service Area 21-2016 for the year ended December 31, 2018. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.

After conducting the audit, we determined that no exceptions were noted.

Findings – Financial Statement Audit

None found

Findings and Questioned Costs

None found

Prior Year Findings and Questioned Costs

None found

State of Illinois

Department of Financial and Professional Regulation Division of Professional Regulation

LICENSE NO.
066.003986
065.029428

The person, firm, or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below:

EXPIRES:
11/30/2021

PUBLIC ACCOUNTANT FIRM LICENSE



EILTS & ASSOCIATES INC
3729 N RAVENSWOOD AVE STE 117
CHICAGO, IL 60613-3570




DEBORAH HAGAN
ACTING SECRETARY



JESSICA BAER
DIRECTOR

The official status of this license can be verified at www.idfpr.com

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