

LITTLE VILLAGE SPECIAL SERVICE AREA
25
(Little Village Chamber of Commerce, Contractor)
FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

LITTLE VILLAGE SPECIAL SERVICE AREA
#25
(Little Village Chamber of Commerce, Contractor)

CONTENTS

INDEPENDENT AUDITOR'S REPORT

EXHIBIT I

STATEMENTS OF NET POSITION AND GOVERNMENTAL FUND
BALANCE SHEETS
December 31, 2018 and 2017

EXHIBIT II

STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUND, REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
For the Years Ended December 31, 2018 and 2017

EXHIBIT III

STATEMENTS OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Years Ended December 31, 2018 and 2017

NOTES TO FINANCIAL STATEMENTS

SUMMARY SCHEDULE OF FINDINGS

STATE OF ILLINOIS CPA LICENSE

VIDAL & ASSOCIATES, LTD

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

6767 N. Milwaukee Avenue Suite 201 · Niles, IL 60714 · Telephone: 847.282.4626 · Fax: 847.282.4627

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners of
Little Village Special Service Area #25
(Little Village 26th Street Area Chamber of Commerce, Contractor)
Chicago, Illinois

We have audited the accompanying financial statements of Little Village Special Service Area #25 (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 Special Service Area #25's 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 unqualified audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Special Service Area #25 (a taxing district authorized by the City of Chicago) as of December 31, 2018 and 2017, and the changes in its financial position and budgetary comparison for the years then ended in accordance with accounting principles generally accepted in the United States of America.

(continued)

INDEPENDENT AUDITOR'S REPORT

Little Village Special Service Area # 25

Page two

Other Matter

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.

Vidal & Associates, Ltd.

 VIDAL & ASSOCIATES, LTD.

April 26, 2019

LITTLE VILLAGE SPECIAL SERVICE AREA #25
STATEMENTS OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

	2018		2017	
	Governmental Fund	Statement of Net Position	Governmental Fund	Statement of Net Position
<u>Assets</u>				
<u>Current Assets</u>				
Cash	\$ 64,914	\$ 64,914	\$ 71,943	\$ 71,943
Property tax receivable, net of allowance for uncollectable taxes of \$30,885 and \$30,411	366,574	366,574	360,937	360,937
Total Assets	\$ 431,488	\$ 431,488	\$ 432,880	\$ 432,880
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ 10,457	\$ 10,457
Total Current Liabilities	-	-	10,457	10,457
<u>Deferred Inflows</u>				
Deferred Property Tax Revenue	349,023	(349,023)	343,388	(343,388)
Unassigned	82,465	(82,465)	79,035	(79,035)
Total Liabilities, Deferred Inflows and Fund Balance	\$ 431,488	\$ 431,488	\$ 432,880	\$ 422,423
Net Position - Restricted				\$ (422,423)
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:				
Total Fund Balance - Governmental Fund		\$ 82,465		\$ 79,035
Property Tax Revenue is recognized in the period for which it's levied rather than when "available". A portion of the property tax is deferred as its not available in the Governmental Funds		349,023		343,388
Total Net Positions - Governmental Activities		\$ 431,488		\$ 422,423

The accompanying notes are an integral part of these financial statements

LITTLE VILLAGE SPECIAL SERVICE AREA #25

STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUND, REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Governmental Fund	Adjustments	Statement of Activities	Governmental Fund	Adjustments	Statement of Activities
<u>Revenues</u>						
Property Taxes	\$ 370,215	\$ 5,635	\$ 375,850	\$ 376,192	\$ (25,856)	\$ 350,336
TIFF Funds	-	-	-	-	-	-
Interest Income	206	-	206	180	-	180
Total Revenues	370,421	5,635	376,056	376,372	(25,856)	350,516
<u>Expenditures / Expenses</u>						
1.00 Customer /Attraction	96,459	-	96,459	53,657	-	53,657
2.00 Public Way / Aesthetics	146,096	-	146,096	171,695	-	171,695
3.00 Public Way / Aesthetics	4,852	-	4,852	4,853	-	4,853
4.00 Economic / Business Development	6,900	-	6,900	46,251	-	46,251
6.00 SSA Management	12,062	-	12,062	13,708	-	13,708
7.00 Personnel	100,623	-	100,623	101,173	-	101,173
Total Expenditures / Expenses	366,991	-	366,991	391,337	-	391,337
(Deficiency) Excess of Revenues Over Expenditures / Expenses	3,430	(3,430)	-	(14,965)	14,965	-
Change in Net Position	-	9,065	9,065	-	(40,821)	(40,821)
Fund Balance / Net Position, Beginning of Year	79,035	343,388	422,423	94,000	369,244	463,244
Fund Balance / Net Position, End of Year	\$ 82,465	\$ 349,023	\$ 431,488	\$ 79,035	\$ 343,388	\$ 422,423

The accompanying notes are an integral part of these financial statements

EXHIBIT II

LITTLE VILLAGE SPECIAL SERVICE AREA #25
STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES AND FUND BALANCES
(CONTINUED)
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Amounts reported for governmental activities in the statements of activities are different because: Net Change In Fund Balance - Governmental Funds	3,430	\$ (14,965)
Property Tax Revenue is Recognized in the year for which it is levied rather than when "available". A portion of the Property Tax is deferred as it is not available in the Governmental Funds.	<u>5,635</u>	<u>(25,856)</u>
Change In Net Position	<u>\$ 9,065</u>	<u>\$ (40,821)</u>

The accompanying notes are an integral part of these financial statements

LITTLE VILLAGE SPECIAL SERVICE AREA #25
STATEMENTS OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Budget	Actual	Over (Under) Variance	Budget	Actual	Over (Under) Variance
<u>Revenues</u>						
Property Taxes	416,179	\$ 370,217	\$ (45,962)	\$ 416,475	\$ 350,336	\$ (66,139)
TIFF Funds	-	-	-	-	-	-
Interest Income	-	206	206	-	180	180
Total Revenues	416,179	370,423	(45,756)	416,475	350,516	(65,959)
<u>Expenses & Programs:</u>						
1.00 Customer / Attraction						
1.01 Website	-	-	-	-	-	-
1.02 Special Events	10,000	10,000	-	11,500	11,500	-
1.04 Social Media Outreach	1,000	1,000	-	-	-	-
1.05 Decorative Banners	16,000	15,353	(647)	10,000	8,185	(1,815)
1.06 Holiday Decorations	56,000	55,551	(449)	32,500	32,303	(197)
1.07 Print Materials	2,000	1,855	(145)	3,000	1,419	(1,581)
1.08 Display Advertising	2,000	2,500	500	500	250	(250)
1.09 Public / Media Relations	10,200	10,200	-	-	-	-
Total Customer / Attraction	97,200	96,459	(741)	57,500	53,657	(3,843)
2.00 Public Way / Aesthetics						
2.02 Landscaping	69,000	65,940	(3,060)	64,000	64,990	990
2.03 Façade Enhancement Program - Rebate	5,000	-	(5,000)	15,000	-	(15,000)
2.05 Streetscape Elements	17,056	9,200	(7,856)	44,072	40,000	(4,072)
2.06 Public Art	6,000	-	(6,000)	6,000	-	(6,000)
2.08 Sidewalk Maintenance	62,200	70,267	8,067	60,756	66,455	5,699
2.10 City Permits	800	550	(250)	1,000	250	(750)
2.11 Powerwashing of Sidewalks	5,600	-	(5,600)	-	-	-
Total Public Way / Aesthetics	165,656	145,957	(19,699)	190,828	171,695	(19,133)

The accompanying notes are an integral part of these financial statements

LITTLE VILLAGE SPECIAL SERVICE AREA #25
STATEMENTS OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		2017		Over (Under) Variance	Actual	Budget	Actual	Over (Under) Variance
	Budget	Actual	Over (Under) Variance	Budget					
<u>Expenses & Programs:</u>									
3.00 Public Way Aesthetics									
3.01 Garbage / Recycling Material Program	5,000	4,990	(10)	4,500	4,853	353			
<u>Expenses & Programs:</u>									
4.00 Economic / Business Development									
4.06 Strategic Planning	7,000	6,900	(100)	-	-	-			
4.09 SSA Designation	2,500	-	(2,500)	46,363	46,251	(112)			
	9,500	6,900	(2,600)	46,363	46,251	(112)			
<u>Expense & Programs:</u>									
5.00 Safety Programs									
5.03 Security Patrol Services	22,000	-	(22,000)	-	-	-			
<u>Expenses & Programs:</u>									
6.00 SSA Management									
6.02 SSA Audit	4,700	4,675	(25)	6,500	6,320	(180)			
6.03 Bookkeeping	1,000	1,000	-	1,000	1,000	-			
6.05 Office Utilities	1,200	1,200	-	1,200	1,200	-			
6.06 Office Supplies	1,200	1,200	-	1,200	1,200	-			
6.07 Office Equipment Lease/Maintenance	1,000	1,000	-	1,000	-	(1,000)			
6.08 Office Printing	1,000	1,000	-	1,000	1,000	-			
6.09 Postage	1,000	1,000	-	1,000	1,000	-			
6.10 Meeting Expense	1,500	270	(1,230)	500	380	(120)			
6.11 Subscriptions / Dues	500	-	(500)	500	-	(500)			
6.12 Banking Fees	500	-	(500)	500	-	(500)			
6.14 Equipment Purchase Maintenance	211	54	(157)	211	1,000	789			
6.17 Liability / Property Insurance	1,500	665	(835)	1,500	608	(892)			
6.18 Training	889	-	(889)	-	-	-			
Total SSA Management	16,200	12,064	(4,136)	16,111	13,708	(2,403)			

The accompanying notes are an integral part of these financial statements

LITTLE VILLAGE SPECIAL SERVICE AREA #25
 STATEMENTS OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		2017		Over (Under) Variance
	Budget	Actual	Budget	Actual	
<u>7.00 Personnel:</u>					
7.01 Executive Director	45,000	45,000	46,020	46,020	-
7.02 Program Director	31,250	31,250	30,780	30,780	-
7.03 Office Administrator	9,133	9,133	9,133	9,133	-
7.04 Administrative Assistant	15,240	15,240	15,240	15,240	-
Total Personnel	100,623	100,623	101,173	101,173	-
<u>8.00 Loss Collection</u>					
8.01 Loss Collection	-	-	-	-	-
Total Expenses & Programs	416,179	366,993	416,475	391,337	(25,138)
Excess of Revenues over Expenses (Deficit)	\$ -	\$ 3,430	\$ -	(40,821)	(40,821)

The accompanying notes are an integral part of these financial statements

LITTLE VILLAGE SPECIAL SERVICE AREA # 25
(LITTLE VILLAGE CHAMBER OF COMMERCE, CONTRACTOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Nature of Organization

Little Village Special Service Area # 25, (“the SSA”) formed in 2004 to create a dynamic public space to revitalize and attract new businesses and shoppers to strengthen the residential community. The City of Chicago formed a taxing district that allows property taxes levied and collected to fund added services for a defined area.

(1) Summary of Significant Accounting Policies

Government – Wide and Fund Financial Statements

The financial statements of the SSA have been prepared in conformity with the accounting principles generally accepted in the 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)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements report information on all of the activities of the Special Service Area. Governmental activities include those items funded by the tax levies. While separate governmental activities incorporate data from the governmental funds; the fund financial statements are on major governmental funds. The SSA reports on one major governmental fund, the General Fund.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

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

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

Budgetary Information

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

(continued)

LITTLE VILLAGE SPECIAL SERVICE AREA # 25
(LITTLE VILLAGE CHAMBER OF COMMERCE, CONTRACTOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

(1) Summary of Significant Accounting Policies (continued)

Cash and Investments

The commission's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition.

(2) Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenues) until that time.

The Commission has only one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable property tax revenue*, is reported in the governmental fund's balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

(continued)

LITTLE VILLAGE SPECIAL SERVICE AREA # 25
(LITTLE VILLAGE CHAMBER OF COMMERCE, CONTRACTOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

(2) Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance
(continued)

Fund Balance Policies

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

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

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

(3) Special Service Area Agreement

The Commission entered into an agreement with the City of Chicago on January 1, 2004, which require renewals from time to time, whereby the City established a special service area (a taxing district authorized by the City of Chicago) designated as Little Village SSA Commission #25 to provide special services in addition to those normally provided by the City. The Little Village Chamber of Commerce has been designated as the Contractor which services the special service area.

(4) Property Taxes

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

(continued)

LITTLE VILLAGE SPECIAL SERVICE AREA # 25
(LITTLE VILLAGE CHAMBER OF COMMERCE, CONTRACTOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

(5) Estimates

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

(6) Comparative Data

As required by the City of Chicago, comparative data for the prior year has been presented in the statement of revenue and expenditures – budget.

(7) Concentration of Credit Risks

The Organization maintains its cash balances at a financial institution in the Chicago metropolitan area which is federally insured up to prescribed limits. At December 31, 2018 and 2017 the organization's account was within insured limits.

(8) Receivables

Property tax receivables are presented net of an allowance for uncollectible taxes in the amount of \$30,885 and \$30,411 for the years ended December 31, 2018 and 2017, respectively.

(9) Related Party Transactions

During the year ended December 31, 2018 and 2017 the Little Village Chamber of Commerce charged the Commission \$112,684 and \$114,881 for employee and administrative costs, respectively.

(10) Subsequent Events

Subsequent events were evaluated through April 26, 2019, the date the financial statements were available to be issued.

LITTLE VILLAGE SPECIAL SERVICE AREA #25
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

SUMMARY SCHEDULE OF FINDINGS

As part of our audit, we have reviewed the Agreement for Special Service Area #25 between the City of Chicago and the Organization for the years ended December 31, 2018 and 2017.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no exceptions. Many contractual items were included in the agreement which deal with non-accounting and non-financial matters of which we had no knowledge.

No findings were generated for the years ended December 31, 2018 and 2017.

LITTLE VILLAGE SPECIAL SERVICE AREA # 25
(LITTLE VILLAGE CHAMBER OF COMMERCE, CONTRACTOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

