

Special Service Area 62
(a taxing district authorized by the City of Chicago)
Managed by Edgebrook Sauganash Chamber of Commerce

Financial Statements
December 31, 2017 and 2016

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Independent Auditor's Report

To the Commissioners of Special Service Area 62
Managed by Edgebrook Sauganash Chamber of Commerce

We have audited the accompanying financial statements of Special Service Area 62, which comprise the statements of net position and governmental fund balance sheets as of December 31, 2017 and 2016, and the related statements of activities and governmental fund / revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area 62 as of December 31, 2017 and 2016, and its statements of activities and governmental fund / revenues, expenditures and changes in fund balances, and summary schedule of audit findings for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues and expenditures - budget and actual on page 11 and 12, are presented for comparison and analysis purposes only. The supplementary information is not a required part of the basic financial statements. We have not performed any auditing procedures on the budget amounts and therefore, express no opinion on them.

Eilts & Associates, Inc.

EILTS & ASSOCIATES, INC.
Chicago, Illinois
April 17, 2018

Special Service Area 62
Managed by Edgebrook Sauganash Chamber of Commerce
Statements of Net Position and
Governmental Fund Balance Sheets
December 31, 2017 and 2016

	2017			2016		
	Governmental fund	Adjustments	Statement of Net position	Governmental fund	Adjustments	Statement of Net position
ASSETS						
Cash and cash equivalents	\$ 9,092	\$ -	\$ 9,092	\$ 12,057	\$ -	\$ 12,057
Property tax receivable, net allowance	75,972	-	75,972	75,972	-	75,972
Total Assets	<u>\$ 85,064</u>	<u>\$ -</u>	<u>\$ 85,064</u>	<u>\$ 12,057</u>	<u>\$ -</u>	<u>\$ 12,057</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 1,720	\$ -	\$ 1,720
Due to City of Chicago	1,671	-	1,671	109	-	109
Total Liabilities	1,671	-	1,671	1,829	-	1,829
DEFERRED INFLOWS						
Deferred property tax revenue	75,008	(75,008)	-	75,008	(75,008)	-
Total Deferred Inflows	75,008	(75,008)	-	75,008	(75,008)	-
FUND BALANCE / NET POSITION						
Unassigned	8,385	(8,385)	-	11,192	(11,192)	-
Total Fund balance	<u>8,385</u>	<u>(8,385)</u>	<u>-</u>	<u>11,192</u>	<u>(11,192)</u>	<u>-</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 85,064</u>			<u>\$ 88,029</u>		
Net Position - Restricted		<u>\$ 83,393</u>	<u>\$ 83,393</u>		<u>\$ 86,200</u>	<u>\$ 10,228</u>

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

Total fund balance - governmental funds	\$ 8,385	\$ 11,192
Property tax revenue is recognized in the period for which levied rather than when "available." A portion of the property tax is deferred as it is not available in the government funds.	75,008	75,008
Total net position - governmental activities	<u>\$ 83,393</u>	<u>\$ 86,200</u>

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

Special Service Area 62
Managed by Edgebrook Sauganash Chamber of Commerce
Statements of Activities and Governmental Fund, Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	2017			2016		
	Governmental Fund	Adjustments	Statement of Activities	Governmental Fund	Adjustments	Statement of Activities
REVENUES						
Property taxes and interest	\$ 71,024	\$ -	\$ 71,024	\$ 73,705	\$ 11	\$ 73,716
Interest income	34	-	34	94	-	94
Total Revenues	71,058	-	71,058	73,799	11	73,810
EXPENDITURES						
Customer attraction	4,440	-	4,440	4,500	-	4,500
Public way aesthetics	54,006	-	54,006	111,676	-	111,676
SSA Management	4,593	-	4,593	5,179	-	5,179
Personnel	10,826	-	10,826	11,541	-	11,541
Total Expenditures	73,865	-	73,865	132,896	-	132,896
Excess of revenues over expenditures	(2,807)	-	(2,807)	(59,097)	11	(59,086)
Change in Net Position	(2,807)	-	(2,807)	(59,097)	11	(59,086)
Fund Balance/Net Position						
Beginning of the Year	11,192	75,008	86,200	70,289	74,997	145,286
End of the Year	<u>\$ 8,385</u>	<u>\$ 75,008</u>	<u>\$ 83,393</u>	<u>\$ 11,192</u>	<u>\$ 75,008</u>	<u>\$ 86,200</u>

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

Net change in Fund balance - governmental funds	\$ (2,807)	\$ (59,097)
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	-	11
Change in Net Position	<u>\$ (2,807)</u>	<u>\$ (59,086)</u>

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

Special Service Area 62
(a taxing district authorized by the City of Chicago)
Managed by Edgebrook Sauganash Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 1 – Summary of Significant Accounting Policies

a. Nature of Activities and reporting entity

Special Service Area 62 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 Edgebrook Sauganash 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 62 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with Edgebrook Sauganash Chamber of Commerce to perform administrative duties as the service provider for this SSA during the reporting period. Edgebrook Sauganash Chamber of Commerce is an Illinois not-for-profit corporation that is exempt from federal taxes under Section 501(c)6 of the Internal Revenue Code.

Special Service Area 62 is located in the Sauganash neighborhood in Chicago, supports a vibrant, safe, beautiful, and welcoming commercial district. The boundaries of which are generally bounded by the Edens Expressway and Cicero Avenue on the west, Hiawatha Avenue on the north, the alley east of Cicero Avenue and Keating Avenue on the east, and Caldwell Avenue on the south.

Special Service Area 62 vision is to create a gateway to the Sauganash business district by attracting commercial development, encouraging consumer spending by transforming and enhancing the area around existing retail space, attracting new restaurants, and maximizing occupancy of office space within the underutilized business corridor on Cicero Avenue between Devon and Peterson.

b. Governmental-Wide and Fund Financial Statements

Special Service Area 62
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Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 1 – Summary of Significant Accounting Policies – (continued)

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

Governmental-wide financial statements (statement of net position and statement of activities) are prepared using the economic resources measurement focus and the accrual basis of accounting for all of the SSA's activities. The fund financial statements, which focus on the SSA's governmental funds current financial resources measurement focus, are prepared on the modified accrual basis.

The SSA accounts for its activities in one fund, its general fund.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. The governmental fund financial statements are prepared on the modified accrual basis of accounting with only current assets and liabilities included on the balance sheet. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, both measurable and available to finance expenditures of the current period. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes as susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end. Expenditures are recorded when the liability is incurred.

Special Service Area 62
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Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 1 – Summary of Significant Accounting Policies – (continued)

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reported period. Actual results could differ from those estimates.

d. Assets, Liabilities, and Net Position

Cash and cash equivalents

The SSA's cash and cash equivalents are considered to be short term liquid investments such as cash in banks, money markets, and other financial instruments that can be reduced to cash in thirty days or less.

Receivables

All property tax receivables are shown net of allowances. As of December 31, 2017 and 2016, the allowance is estimated to be 2% of the outstanding property taxes receivable, per year.

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.

Special Service Area 62
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Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 1 – Summary of Significant Accounting Policies – (continued)

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.

e. Subsequent Events

Subsequent events have been evaluated through April 17, 2018, which is the date the financial statements were available to be issued.

NOTE 2 – Cash and cash equivalents

The SSA defines cash and cash equivalents as short term liquid investments such as cash in banks, money markets, and other financial instruments that can be reduced to cash in thirty days or less. The SSA maintains its cash balance in a financial institution located in Chicago, IL. 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, 2017 and 2016.

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Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 3 – Property taxes

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

NOTE 4 – Deferred Inflows of Revenue

A deferred inflow of resources / property tax revenue represents an acquisition of fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

NOTE 5 – Accounts Payable, Accrued Expenses and Due To City of Chicago

Accounts payable balance, at December 31, 2017 and 2016, is \$0 and \$1,720, respectively. These balances consist of services incurred during the respective year related to holiday lighting, SSA management and personnel costs. Amounts due to City of Chicago \$1,671 and \$109, represent property tax refunds determined but not yet refunded as of December 31, 2017 and 2016, respectively.

Special Service Area 62
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Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

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 62 between the City of Chicago and Edgebrook Sauganash Chamber of Commerce. As of December 31, 2017 and 2016, the SSA had total fund balances of \$8,385 and \$11,192, respectively. These fund balances will be utilized in this special service area during future years.

NOTE 7 – Related Party Transactions

The SSA is affiliated with Edgebrook Sauganash Chamber of Commerce as its sole service provider. Special service area 62 shares office space, equipment, and employees through this affiliation. Special Service Area 62 has no employees of their own, but reimburses Edgebrook Sauganash Chamber of Commerce for payroll and related costs of the individuals working on the programs. It also reimburses Edgebrook Sauganash Chamber of Commerce for a portion of its operating expenses.

Supplementary Information

Special Service Area 62
Managed by Edgebrook Sauganash Chamber of Commerce
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance
REVENUE			
Property revenues - current year	\$ 75,000	\$ 71,020	\$ 3,980
Late collections and Interest	131	4	127
Interest income	-	34	(34)
	<u>75,131</u>	<u>71,058</u>	<u>4,073</u>
EXPENDITURES			
Customer attraction	6,000	4,440	1,560
Public way aesthetics	61,372	54,006	7,366
Sustainability and public places	100	-	100
Economic/business development	100	-	100
Safety programs	100	-	100
SSA management	6,800	4,593	2,207
Personnel	12,659	10,826	1,833
	<u>87,131</u>	<u>73,865</u>	<u>13,266</u>
Excess of revenues over expenditures	<u>\$ (12,000)</u>	<u>\$ (2,807)</u>	<u>\$ (9,193)</u>
CARRYOVER			
	<u>12,000</u>	<u>-</u>	<u>(12,000)</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ (2,807)</u>	<u>\$ (2,807)</u>

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

Special Service Area 62
Managed by Edgebrook Sauganash Chamber of Commerce
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance
REVENUE			
Property revenues - current year	\$ 73,806	\$ 73,704	\$ 102
Late collections and Interest	3,690	1	3,689
Interest income	-	94	(94)
	<u>77,496</u>	<u>73,799</u>	<u>3,697</u>
EXPENDITURES			
Customer attraction	5,500	4,500	1,000
Public way aesthetics	122,938	111,676	11,262
Sustainability and public places	250	-	250
Economic/business development	4,690	-	4,690
Safety programs	125	-	125
SSA management	5,250	5,179	71
Personnel	12,338	11,541	797
	<u>151,091</u>	<u>132,896</u>	<u>18,195</u>
Excess of revenues over expenditures	<u>\$ (73,595)</u>	<u>\$ (59,097)</u>	<u>\$ (14,498)</u>
CARRYOVER			
	<u>73,595</u>	<u>-</u>	<u>(73,595)</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ (59,097)</u>	<u>\$ (59,097)</u>

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

Special Service Area 62
(a taxing district authorized by the City of Chicago)
Managed by Edgebrook Sauganash Chamber of Commerce
Summary Schedule of Findings
For the Year Ended December 31, 2017

As part of our audit and request by the Special Service Area Annual Audited Financial and Accounting Guide, prepared by the City of Chicago Department of Planning and Development, we have read and understand the requirements contained in the Agreement for Special Service Area 62, between the City of Chicago and Edgebrook Sauganash Chamber of Commerce.

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

The auditor's report expresses an unmodified opinion on the financial statements of Edgebrook Sauganash Chamber of Commerce Special Service Area 62. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.

Findings – Financial Statement Audit

None found

Findings and Questioned Costs

None found