

Special Service Area 17
(a taxing district authorized by the City of Chicago)
Managed by Lakeview East Chamber of Commerce

Financial Statements
December 31, 2017 and 2016

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Financial Statements
December 31, 2017 and 2016

Index

<u>Financial Statements</u>	<u>Page</u>
Independent Auditor's Report	1-2
Statements of Net Position and Governmental Fund Balance Sheets December 31, 2017 and 2016	3
Statements of Activities and Governmental Fund, Revenues, Expenditures and Changes in Fund Balances December 31, 2017 and 2016	4
Notes to the Financial Statements - For the Years Ended December 31, 2017 and 2016	5-9
 <u>Supplementary Information</u>	
Schedule of Revenues and Expenditures - Budget and Actual December 31, 2017	10
Schedule of Revenues and Expenditures - Budget and Actual December 31, 2016	11
Summary Schedule of Findings For the Year Ended December 31, 2017	12
State of Illinois License	13

Independent Auditor's Report

To the Commissioners of
Special Service Area 17
Managed by Lakeview East Chamber of Commerce

We have audited the accompanying financial statements of Special Service Area 17, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Special Service Area 17 of December 31, 2017 and 2016, and its statements of activities and governmental fund / revenues, expenditures and changes in fund balances for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Predecessor Auditor

The accompanying financial statement of Special Service Area 17, which comprise of statement of net position and governmental fund balance sheet as of December 31, 2016 and related statement of activities and governmental fund / Revenue, Expenditures and Changing in Fund Balance for the year then ended, and the related notes to the financial statement were audited by another audit firm. The predecessor audit firm issued an unmodified report on April 27, 2017 related to the December 31, 2016 financial statements, which contained Other Matters paragraphs related to the same matters as reported below.

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 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 11, 2018

Special Service Area 17
Managed by Lakeview East 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	\$ 32,524	\$ -	\$ 32,524	\$ 63,243	\$ -	\$ 63,243
Property tax receivable, net allowance for uncollectable taxes of \$25,000 & \$34,263	726,276	-	726,276	680,748	-	680,748
Due from service provider	-	-	-	43,455	-	43,455
Total Assets	<u>\$ 758,800</u>	<u>\$ -</u>	<u>\$ 758,800</u>	<u>\$ 787,446</u>	<u>\$ -</u>	<u>\$ 787,446</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 14,785	\$ -	\$ 14,785	\$ -	\$ -	\$ -
Total Liabilities	14,785	-	14,785	-	-	-
DEFERRED INFLOWS						
Deferred property tax revenue	726,276	(726,276)	-	598,102	(598,102)	-
Total Deferred Inflows	726,276	(726,276)	-	598,102	(598,102)	-
FUND BALANCE / NET POSITION						
Unassigned	17,739	(17,739)	-	189,344	(189,344)	-
Total Fund Balance	<u>17,739</u>	<u>(17,739)</u>	<u>-</u>	<u>189,344</u>	<u>(189,344)</u>	<u>-</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 758,800</u>			<u>\$ 787,446</u>		
Net Position - Unrestricted		<u>\$ (744,015)</u>	<u>\$ 744,015</u>		<u>\$ (787,446)</u>	<u>\$ 787,446</u>
Amounts reported for government activities in the statement of net position are different because:						
Total fund balance - governmental funds			\$ 17,739			\$ 189,344
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.			<u>726,276</u>			<u>598,102</u>
Total net position - governmental activities			<u>\$ 744,015</u>			<u>\$ 787,446</u>

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

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Statements of Activities and Governmental Fund /
Revenues, Expenditures
and Changes in Fund Balances
December 31, 2017 and 2016

	2017			2016		
	Governmental fund	Adjustments	Statement of Activities	Governmental fund	Adjustments	Statement of Activities
REVENUES						
Property taxes - net of allowance	\$ 612,681	\$ 128,174	\$ 740,855	\$ 673,506	\$ 11,964	\$ 685,470
Interest	34	-	34	12	-	12
Total Revenues	612,715	128,174	740,889	673,518	11,964	685,482
EXPENDITURES						
Customer attraction	111,635	-	111,635	117,528	-	117,528
Public way aesthetics	269,994	-	269,994	237,288	-	237,288
Sustainability and public places	3,102	-	3,102	1,203	-	1,203
Economic / business development	6,175	-	6,175	37,879	-	37,879
Safety programs	162,700	-	162,700	33,006	-	33,006
Personnel	132,781	-	132,781	142,621	-	142,621
Administration	54,478	-	54,478	76,032	-	76,032
Total expenditures	740,865	-	740,865	645,557	-	645,557
Excess of revenues over expenditures	(128,150)	128,174	24	27,961	11,964	39,925
Change in Net Position	(128,150)	128,174	24	27,961	11,964	39,925
Fund Balance/Net Position						
Beginning of the Year	189,344	598,102	787,446	161,383	586,138	747,521
Prior Year adjustment	(43,455)	-	(43,455)	-	-	-
End of the Year	\$ 17,739	\$ 726,276	\$ 744,015	\$ 189,344	\$ 598,102	\$ 787,446

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

Net change in Fund balance - governmental funds	\$ (128,150)	\$ 27,961
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	128,174	11,964
Change in Net Position	\$ 24	\$ 39,925

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

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 1 – Organization and nature

Nature of activities and reporting entity

Special Service Area 17 is a taxing district authorized by City of Chicago located in Chicago, Illinois. Its scope of services is to fund various activities to improve and enhance the Lakeview East commercial district. The SSA is funded by property tax 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 17 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with Lakeview Chamber of Commerce to perform administrative duties as the service provider for this SSA during the reporting period. Lakeview East Chamber of Commerce (the Chamber) is an Illinois not-for-profit corporation, exempt from federal taxes under Section 501c(6) of the Internal Revenue Code.

Lakeview East Chamber of Commerce (the Chamber) became the sole service provider for Special Service Area 17 effective January 1, 2017. Prior to January 1, 2017, the now defunct, Central Lakeview Merchants Association was the sole service provider of Special Service Area 17. The prior agreement between the City of Chicago and Central Lakeview Merchants Associations related to managing Special Service Area 17 was terminated by the City of Chicago.

Special Service Area 17 boundaries are defined as follows: both sides of Sheffield from the north side of Diversey to the south side of Irving Park, Diversey on the north side only from 916 W. Diversey to 1012 W. Diversey, Clark Street from Fletcher to Irving Park, Belmont from Halsted to Racine, Addison from 835 W Addison to 1117 W. Addison, and the south side of Irving Park from the east side of Clark Street up to and including the parking lot just east of Fremont. The expansion areas are the south side of Irving Park from the east side of Clark Street up to and

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 1 – Organization and nature –(continued)

Nature of activities and reporting entity

including the parking lot just east of Fremont, Sheffield south of Irving Park to just north of Waveland, Diversey on the north side only from 1012 W. Diversey to 916 W. Diversey and Addison from 1117 W. Addison to Reta. Special Services authorized in the establishment ordinance include, but not limited to: recruitment and promotion of new businesses in the area, rehabilitation activities, maintenance and beautification activities, new construction, security, coordination of promotional and advertising activities, strategic planning for the area, and other technical assistance activities to promote commercial and economic development.

NOTE 2 – Summary of significant accounting policies

Governmental-wide and fund financial statements

The financial statements of the SSA 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 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).

Government-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.

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 2 – Summary of significant accounting policies – (continued)

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 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 60 days subsequent to year-end. Expenditures are recorded when the liability is incurred.

The presentation of financial statements in conformity with accounting principles generally 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 reporting period. Accordingly, actual results could differ from those estimates.

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

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 2 – Summary of significant accounting policies – (continued)

three months or less from the date of acquisition. The SSA maintains its cash account in what it believes is a high quality bank. Nevertheless, there is exposure when the balance exceeds the federally insured limits. The SSA does not believe that it is exposed to any significant credit risk related to its cash balance.

Receivables

All property tax receivables are shown net of allowance. As of December 31, 2017 and 2016, the allowance is estimated to be 3% and 5% of the outstanding property taxes respectively.

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 the SSA board through approval of resolutions. Assigned fund balances 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 used 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 compromised

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 2 – Summary of significant accounting policies – (continued)

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.

Subsequent Events

Subsequent events have been evaluated through April 11, 2018, which is the date the financial statements were available to be issued.

NOTE 3 – 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 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 the SSA's share to the City who then remits the monies to the SSA.

NOTE 4 – Related party transactions

The SSA was affiliated with Chicago View Organization f/k/a Central Lakeview Merchants Association, which provided certain administrative services for the SSA until December 31, 2016, when their contract, as the sole service provider, was terminated. The City of Chicago then awarded the contract to Lakeview East Chamber of Commerce to be SSA 17's sole service provider effective January 1, 2017.

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 5 – Prior period adjustment

During year ending December 31, 2016, it was determined by the predecessor auditor and the City of Chicago that Chicago View Organization f/k/a Central Lakeview Merchants Association was advanced \$43,255. This advance was reported on the statements of net position and governmental fund balance sheet as due from service provider under the year ended December 31, 2016. During 2017, the City of Chicago made a decision that this advance was uncollectible and should have been reported as such in 2016, therefore resulting in a prior period adjustment to net assets on the lower portion of the statements of activities and governmental fund/ revenues, expenditures and changes in fund balances.

Supplementary Information

Special Service Area 17
Managed by Lakeview East 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 - current year	\$ 716,421	\$ 695,361	\$ 21,060
Total revenues	716,421	695,361	21,060
EXPENDITURES			
Customer attraction	118,332	111,635	6,697
Public way aesthetics	287,354	269,993	17,361
Sustainability and public places	3,145	3,102	43
Economic / business development	6,500	6,175	325
Safety programs	162,700	162,700	-
Personnel	134,772	132,781	1,991
Administration	59,372	54,479	4,893
Total expenditures	772,175	740,865	31,310
Excess of revenues over expenditures	<u>\$ (55,754)</u>	<u>\$ (45,504)</u>	<u>\$ (10,250)</u>
CARRYOVER	<u>55,754</u>	<u>-</u>	<u>55,754</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ (45,504)</u>	<u>\$ 45,504</u>

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

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property revenues and interest - current year	\$ 766,034	\$ 673,518	\$ 92,516
Total revenues	766,034	673,518	92,516
EXPENDITURES			
Customer attraction	134,600	117,528	17,072
Public way aesthetics	288,700	237,288	51,412
Sustainability and public places	2,000	1,203	797
Economic / business development	42,700	37,879	4,821
Safety programs	34,000	33,006	994
Personnel	140,684	142,621	(1,937)
Administration	89,550	76,032	13,518
Total expenditures	<u>732,234</u>	<u>645,557</u>	<u>86,677</u>
Excess of revenues over expenditures	<u>\$ 33,800</u>	<u>\$ 27,961</u>	<u>\$ 5,839</u>
 CARRYOVER	 <u>(33,800)</u>	 <u>-</u>	 <u>(33,800)</u>
 Net revenues in excess of expenses	 <u>\$ -</u>	 <u>\$ 27,961</u>	 <u>\$ (27,961)</u>

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

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Summary Schedule of Findings
For the Year Ended December 31, 2017

Summary Schedule of Findings

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 Economic Development, we have read and understand the requirements contained in the Service Provider Agreement. After conducting the audit, we determined that there were not any exceptions noted.

Findings and Questioned Costs - None noted

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:
11/30/2018

**PUBLIC ACCOUNTING FIRM
BUSINESS CORPORATION**

**EILTS & ASSOCIATES INC
3711 N RAVENSWOOD 105
CHICAGO, IL 60613**



Bryan A. Schneider

BRYAN A. SCHNEIDER
SECRETARY

Jay Stewart

JAY STEWART
DIRECTOR

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

10090389