

**ROSELAND SPECIAL SERVICE AREA #71
(CALUMET AREA INDUSTRIAL COMMISSION –
CONTRACTOR)**

Financial Statements
Year Ended December 31, 2018

AND

Independent Auditor's Report

**ROSELAND SPECIAL SERVICE AREA #71
(CALUMET AREA INDUSTRIAL COMMISSION –
CONTRACTOR)**

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners of ROSELAND SPECIAL SERVICE AREA #71
(Calumet Area Industrial Commission, Contractor)
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of ROSELAND SPECIAL SERVICE AREA (SSA) #71 (a taxing district authorized by the City of Chicago) as of and for the years ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the SSA'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 the 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 of 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ROSELAND SPECIAL SERVICE AREA (SSA) #71 as of December 31, 2018, and the changes in financial position and budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

A handwritten signature in black ink, appearing to read "Helgen CPA". The signature is written in a cursive style with a large initial "H".

Oak Park, Illinois 60301
April 25, 2019

ROSELAND SPECIAL SERVICE AREA #71
"Calumet Area Industrial Commission – Contractor"
 (An Illinois Not-For-Profit Corporation)
 Statement of Net Position
 December 31, 2018

	2018		
	Governmental Funds	Adjustments	Statement of Net Position
Assets			
Current assets:			
Cash	\$ 269,850		\$ 269,850
Property tax receivable	25,569		25,569
Property tax levy	531,194		531,194
Prepaid expenses	-	-	-
Total assets	\$ 826,613	\$ -	\$ 826,613
Liabilities			
Accounts payable & accrued expenses	\$ 16,274	\$ -	\$ 16,274
Deferred Inflows			
Deferred property tax revenue	531,194	(531,194)	-
Fund Balances / Net Position			
Assigned	-		-
Unassigned	279,145	(279,145)	-
Total liabilities, deferred inflows and fund balance / Net position	826,613		
Total liabilities and net assets		\$ (810,339)	\$ 810,339

Amounts reported for governmental activities in the statements of net position are different because:

Total Fund Balance - Governmental Funds	279,145
Property tax revenue is recognized in the year it is levied rather than when it is available. A portion of the property tax is deferred as it is not available in the governmental funds	531,194
Total net position - governmental activities	\$ 810,339

See accompanying notes to the financial statements.

ROSELAND SPECIAL SERVICE AREA #71
"Calumet Area Industrial Commission – Contractor"
 (An Illinois Not-For-Profit Corporation)
 Statement of Revenues, Expenses and Changes in Net Position
 December 31, 2018

		2018		
		Governmental Funds	Adjustments	Statement of Net Position
Revenue				
	Property taxes	\$ 417,262	(38,206)	\$ 379,056
	TIF rebates	-		-
	Other	(56,159)	-	(56,159)
	Total revenue	361,103	(38,206)	322,897
Expenses				
	1.00 Customer Attraction	45,810		45,810
	2.00 Public Way Aesthetics	37,827		37,827
	3.00 Sustainability and Public Places	-		-
	4.00 Economic/Business Development	-		-
	5.00 Safety Programs	108,520		108,520
	6.00 SSA Management	24,230		24,230
	7.00 Personnel	91,679		91,679
	8.00 Loss Collections	-		-
	Total expenses	308,066	-	308,066
	Excess of revenue over expenditures	53,037	(53,037)	
	Change in net position		14,831	14,831
Fund Balance / Net Position				
	Beginning	226,108	569,400	795,508
	Ending	\$ 279,145	\$ 531,194	\$ 810,339

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

Net change in Fund Balance - Governmental Funds	53,037
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds	(38,206)
Change in net position	14,831

See accompanying notes to the financial statements.

ROSELAND SPECIAL SERVICE AREA #71
"Calumet Area Industrial Commission – Contractor"
(An Illinois Not-For-Profit Corporation)

Statement of Revenues and Expenses – Actual versus Budget (Tax Levy 2017)
December 31, 2018

		<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u> <u>Variance</u>
Revenue				
	Property tax levy	417,262	569,400	(152,138)
	TIF rebates	-	-	-
	Other income	(56,159)	-	(56,159)
		361,103	569,400	(208,297)
Expenses				
	1.00 Customer Attraction			
	1.01 Website	-	5,000	5,000
	1.02 Special Events	1,943	3,000	1,057
	1.04 Social Media Outreach	1,000	1,500	500
	1.05 Decorative Banners	13,094	16,000	2,906
	1.06 Holiday Decorations	29,773	28,000	(1,773)
	1.07 Print Materials	-	17,218	17,218
		45,810	70,718	24,908
	2.00 Public Way Aesthetics			
	2.02 Landscaping (plants, watering, etc.)	5,175	40,000	34,825
	2.03 Facade Enhancement Program - Rebates	-	50,000	50,000
	2.04 Way Finding/Signage	-	30,000	30,000
	2.05 Streetscape Elements (including capital, installation, maintenance, and repair)	-	28,218	28,218
	2.07 Sidewalk Maintenance - Materials and Supplies	32,652	40,000	7,348
	2.10 City Permits	-	2,000	2,000
		37,827	190,218	152,391
	3.00 Sustainability and Public Places			
	3.01 Garbage/Recycling Material Program	-	32,680	32,680
	4.00 Economic / Business Development			
	4.01 Site Marketing (materials, services, etc.)	-	43,218	43,218
	5.00 Safety Programs			
	5.03 Security Patrol Services	108,520	110,220	1,700
	6.00 SSA Management			
	6.01 SSA Annual Report	625	525	(100)
	6.02 SSA Audit	5,500	6,000	500
	6.03 Bookkeeping	2,750	3,150	400
	6.04 Office Rent	4,457	5,507	1,050
	6.05 Office Utilities	2,250	2,100	(150)
	6.06 Office Supplies	700	630	(70)
	6.07 Office Equipment Lease/Maintenance	850	840	(10)
	6.09 Postage	100	105	5
	6.10 Commission Meetings and Trainings	1,345	1,575	230
	6.12 SSA Bank Account Fees	107	105	(2)
	6.121 Loan INT incurred by Serv Prov	4,700	3,780	(920)
	6.120 LINE OF CREDIT	-	-	-
	6.14 Equipment Purchase/Maintenance	750	1,050	300
	6.15 Supplies	-	-	-
	6850 6850 Service Charge Expense	96	-	(96)
		24,230	25,367	1,137
	7.00 SSA Non-Service Personnel			
	7.01 President	20,000	17,964	(2,036)
	7.02 Director of Economic Developme	19,301	12,638	(6,663)
	7.03 SSA Manager	52,378	66,377	13,999
		91,679	96,979	5,300
	Total Expenses	308,066	569,400	261,334
Carryover		-	-	-
Net revenue in excess of expenditures		53,036	-	53,036

See accompanying notes to the financial statements.

ROSELAND SPECIAL SERVICE AREA #71
"Calumet Area Industrial Commission – Contractor"
(An Illinois Not-For-Profit Corporation)
Notes to Financial Statements
December 31, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Reporting Entity

Special Service Area 71 (SSA, or SSA 71) 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 area's 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. The SSA is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with the SSA to perform certain administrative duties as the service provider. SSA 71 is an Illinois not-for-profit corporation that is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code.

Basis of Presentation

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 the establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board). The SSA accounts for its activities in one fund, its general fund.

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 the related cash flows. Property taxes are recognized as revenues in the year 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 measureable 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 statement 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, Cash equivalents and Investments

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 acquisition.

Receivables

All property tax receivables are shown net of allowances, if applicable. As of December 31, 2018.

ROSELAND SPECIAL SERVICE AREA #71
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(An Illinois Not-For-Profit Corporation)
Notes to Financial Statements
December 31, 2018

Fund Equity / Net Position

Government 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's board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the SSA's board. Unassigned fund balance is a net resource 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 the unrestricted fund balance first, then restricted fund balance. Furthermore, committed fund balance, if applicable, 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 statement, 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.

NOTE 2—CASH

Cash includes one demand deposit account at one financial institution. The account balance sometimes exceeds federally insured limits, but the SSA believes it is not exposed to any significant credit risk. The carrying amounts reported in the financial statements approximate fair values because of the highly liquid nature of cash.

NOTE 3—PROPERTY TAXES

Property taxes are 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. 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.

Property Tax Levies in the current year are considered Deferred Tax Revenue for reporting purposes.

Property Tax Receivables are taxes previously levied from the prior year and due.

NOTE 4—ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at December 31 are amounts billed by vendors but not yet paid, and expenses owed to vendors but not yet billed by the vendors.

NOTE 5—DEFERRED INFLOWS

See Property Tax note previously mentioned.

ROSELAND SPECIAL SERVICE AREA #71
"Calumet Area Industrial Commission – Contractor"
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Notes to Financial Statements
December 31, 2018

NOTE 6—RELATED PARTY

The SSA is affiliated with Calumet Area Industrial Commission (CAIC), that acts as the contractor to operate the SSA Program independent of CAIC. CAIC is entitled to recover certain administrative costs for its service. These costs are identified in 7.00 Non-Service Personnel.

NOTE 7—ADJUSTMENTS

Opening balances were adjusted as a result of the audit.

NOTE 8—SUBSEQUENT EVENTS

The organization has evaluated subsequent events through April 25, 2019, the date on which the financial statements were available to be issued.

ROSELAND SPECIAL SERVICE AREA #71
"Calumet Area Industrial Commission – Contractor"
(An Illinois Not-For-Profit Corporation)
Summary Schedule of Findings
December 31, 2018

FINDING #1

SSA 71 should consider changing its Chart of Accounts (COA) for proper coding of categories, such as: assets, liabilities, net assets, revenues and expenses. Presently, SSA 71 codes its COA to correspond to its expense budget as requested by the City of Chicago's SSA Program. However, COAs generally segregate the previously mentioned categories in the following manner:

1- series	Assets
2- series	Liabilities
3- series	Net Assets
4- series	Revenue
5- series	Cost of Sales
6- series	Expenses

SSA 71 uses the number series above to correspond to its SSA expense budget. This makes it difficult when working with a financial Trial Balance to determine what accounts are assets, liabilities, etc.

Management has been made aware of the issue and will address it in the current year.

FINDING #2

As a result of the above, certain beginning balances for the fiscal year were reflected as assets when they should have been reflected as an expense in the prior year. That is, revenue and expense balances should not have rolled forward as a beginning balances.

Management has been made aware of the issue and will address it in the current year.