

Special Service Area 60
(a taxing district authorized by the City of Chicago)
Managed by North River Commission

Financial Statements
December 31, 2018 and 2017

**Special Service Area 60
Managed by North River Commission
Financial Statements
December 31, 2018 and 2017**

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Independent Auditor's Report

To the Commissioners of
Special Service Area 60
Managed by North River Commission

We have audited the accompanying financial statements of Special Service Area 60, (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 60 basic financial statements as list 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area 60 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 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
March 14, 2019

Special Service Area 60
Managed by North River Commission
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	\$ 60,563	\$ -	\$ 60,563	\$ 106,337	\$ -	\$ 106,337
Property Tax Receivable, Net of allowance of \$18,000 and \$11,000	359,600	-	359,600	360,910	-	360,910
Due from City of Chicago	301	-	301	-	-	-
Total Assets	\$ 420,464	\$ -	\$ 420,464	\$ 467,247	\$ -	\$ 467,247
LIABILITIES						
Accounts Payable and Accrued Expenses Due to City of Chicago	\$ 25,054	\$ -	\$ 25,054	\$ 18,901	\$ -	\$ 18,901
	-	-	-	748	-	748
Total Liabilities	25,054	-	25,054	19,649	-	19,649
DEFERRED INFLOWS						
Deferred Property Tax Revenue	359,600	(359,600)	-	360,910	(360,910)	-
Total Deferred Inflows	359,600	(359,600)	-	360,910	(360,910)	-
FUND BALANCE / NET POSITION						
Unassigned	35,810	(35,810)	-	86,688	(86,688)	-
Total Fund Balance	35,810	(35,810)	-	86,688	(86,688)	-
Total Liabilities, Deferred Inflows and Fund Balance	\$ 420,464			\$ 467,247		
Net Position - Unrestricted		\$ (395,410)	\$ 395,410		\$ (447,598)	\$ 447,598
Amounts reported for government activities in the statement of net position are different because:						
Total fund balance - governmental funds			\$ 35,810			\$ 86,688
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.			359,600			360,910
Total net position - governmental activities			\$ 395,410			\$ 447,598

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

Special Service Area 60
Managed by North River Commission
Statements of Activities and Governmental Fund,
Revenues, Expenditures and Changes in Fund Balances
December 31, 2018 and 2017

	2018			2017		
	Governmental fund	Adjustments	Statement of Activities	Governmental fund	Adjustments	Statement of Activities
REVENUES						
Property Taxes and Interest	\$ 368,865	\$ (1,310)	\$ 367,555	\$ 362,998	\$ (641)	\$ 362,357
Total Revenues	368,865	(1,310)	367,555	362,998	(641)	362,357
EXPENDITURES						
Customer Attraction	37,827	-	37,827	15,307	-	15,307
Public Way Aesthetics	257,462	-	257,462	249,479	-	249,479
Sustainability and Public Places	906	-	906	12,744	-	12,744
Economic Business Development	14,500	-	14,500	6,000	-	6,000
Safety Programs	9,000	-	9,000	4,797	-	4,797
SSA Management	24,391	-	24,391	23,955	-	23,955
Personnel	75,657	-	75,657	74,291	-	74,291
Total Expenditures	419,743	-	419,743	386,573	-	386,573
Excess of Revenues Over Expenditures	(50,878)	(1,310)	(52,188)	(23,575)	(641)	(24,216)
Change in Net Position	(50,878)	(1,310)	(52,188)	(23,575)	(641)	(24,216)
Fund Balance/Net Position						
Beginning of the Year	86,688	360,910	447,598	110,263	361,551	471,814
End of the Year	<u>\$ 35,810</u>	<u>\$ 359,600</u>	<u>\$ 395,410</u>	<u>\$ 86,688</u>	<u>\$ 360,910</u>	<u>\$ 447,598</u>

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

Net Change in Fund Balance - Governmental Funds	\$ (50,878)	\$ (23,575)
Property Tax is recognized in the year it is levied rather than when it is available for Governmental Funds	(1,310)	(641)
Change in Net Position	<u>\$ (52,188)</u>	<u>\$ (24,216)</u>

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

Special Service Area 60
Managed by North River Commission
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 1 – Nature of Activities and Reporting Entity

Special Service Area (SSA) 60 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 North River, Albany Park and Irving Park 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 60 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with the North River Commission to perform administrative duties as the service provider for this SSA during the reporting period. North River Commission is an Illinois not-for-profit corporation, exempt from federal taxes under Section 501c(3) of the Internal Revenue Code.

The primary source of funds for the SSA 60 is from real estate taxes on properties within the SSA district. SSA 60 is located in the most diverse neighborhood in Chicago, and supports a vibrant, safe, clean, beautiful, and welcoming commercial district filled with restaurants, attractive retail and service, as well as cultural and entertainment options, that meet the needs of local residents and attract visitors. The boundaries of SSA 60 are the following: Central Park Ave to 2650 W Montrose Ave along Montrose Ave; Kimball Ave to 2901 W Lawrence Ave along Lawrence Ave; 4907 N Kedzie Ave to Irving Park Rd along Kedzie Ave; Lawrence Ave to Leland Ave along Kimball Ave; and Spaulding Ave to Sacramento Ave along Irving Park Rd.

Services provided by the SSA include cleaning and beautification activities, façade rebates, snow removal services, coordination of advertising and promotional events, and attraction and recruitment of new quality businesses to the area.

Special Service Area 60
Managed by North River Commission
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 2 – Summary of Significant Accounting Policies

a. Governmental-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).

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.

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 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.

Special Service Area 60
Managed by North River Commission
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

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

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 #60'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. As of December 31, 2018 and 2017, the allowance is estimated to be 3-5% 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 60's board. Unassigned fund balance

Special Service Area 60
Managed by North River Commission
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

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

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.

d. Subsequent Events

Subsequent events have been evaluated through March 14, 2019, which is the date the financial statements were available to be issued.

NOTE 3 – 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, 2018 and 2017.

Special Service Area 60
Managed by North River Commission
Notes to Financial Statements
For the Years Ended 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.

At December 31, 2018, Due from City of Chicago was \$301, which consisted of property taxes received in 2019 for 2017 and prior years. At December 31, 2017, Due to City of Chicago was \$748, which consisted of property taxes refunds determined in 2018 for 2016 and prior years.

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.

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 60 between the City of Chicago and North River Commission. As of December 31, 2018 and 2017, the SSA had total fund balances of \$35,810 and \$86,688, respectively. These funds will be utilized in this special service area during future years.

Special Service Area 60
Managed by North River Commission
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 7 – Related Party Transactions

The SSA is affiliated with North River Commission as its sole service provider. Special service area 60 shares office space, equipment, and employees through this affiliation. Special Service Area 60 has no employees of their own, but reimburses North River Commission for payroll and related costs of the individuals working on the programs. It also reimburses North River Commission for a portion of its operating expenses, and allocation of rent and utilities.

Supplementary Information

Special Service Area 60
Managed by North River Commission
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property Taxes and Interest	\$ 386,984	\$ 368,865	\$ 18,119
Total Revenues	386,984	368,865	18,119
EXPENDITURES			
Customer Attraction	40,995	37,827	3,168
Public Way Aesthetics	296,281	257,462	38,819
Sustainability and Public Places	1,500	906	594
Economic Business Development	15,000	14,500	500
Safety Programs	10,000	9,000	1,000
SSA Management	30,637	24,391	6,246
Personnel	75,657	75,657	-
Total Expenditures	470,070	419,743	50,327
Excess of Revenues Over Expenditures	<u>\$ (83,086)</u>	<u>\$ (50,878)</u>	<u>\$ (32,208)</u>
CARRYOVER	<u>83,086</u>	<u>-</u>	<u>83,086</u>
Net Revenues In Excess of Expenses	<u>\$ -</u>	<u>\$ (50,878)</u>	<u>\$ 50,878</u>

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

Special Service Area 60
Managed by North River Commission
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2017

	Budget	Actual	Variance
REVENUE			
Property Taxes and Interest	\$ 369,008	\$ 362,998	\$ 6,010
Less: Loss Collection	5,543	-	5,543
Total Revenues	374,551	362,998	11,553
EXPENDITURES			
Customer Attraction	17,500	15,307	2,193
Public way maintenance	303,979	249,479	54,500
Public Way Aesthetics	14,500	12,744	1,756
Sustainability and Public Places	7,500	6,000	1,500
Economic Business Development	10,000	4,797	5,203
Safety Programs	29,637	23,955	5,682
SSA Management Personnel	74,293	74,291	2
Total Expenditures	457,409	386,573	70,836
Excess of Revenues Over Expenditures	\$ (82,858)	\$ (23,575)	\$ (59,283)
CARRYOVER	82,858	-	82,858
Net Revenues In Excess of Expenses	\$ -	\$ (23,575)	\$ 23,575

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

**Special Service Area 60
Managed by North River Commission
Summary Schedule of Audit Findings
For the Year Ended December 31, 2018**

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 no exceptions were noted.

The auditor's report expresses an unqualified / unmodified opinion on the financial statements of Special Service Area 60. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.

FINDINGS:

None found

PRIOR YEAR FINDINGS:

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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