

**Chicago Department of Planning and Development (DPD)
Special Service Area (SSA) Program
Audit Report Package Transmittal Checklist**

This checklist must be completed by the SSA's auditing firm as part of a single PDF audit report package. On the checklist, enter the starting page number within the PDF for each of the audit report package components listed below. Each required component on the checklist must have a numeric page number, unless otherwise noted.

The SSA Service Provider must upload the PDF package and corresponding budget workplan file to DPD's SharePoint by May 1st. Audit packages submitted via e-mail are not acceptable. Audit packages will be deemed "not submitted" unless uploaded to DPD's SharePoint platform.

SSA Name and Number: Lakeview East SSA#17

SSA Provider Name: Lakeview East Chamber of Commerce

Submission Date: May 28, 2020

Starting PDF Page Number	Audit Report Package Components
	Comparative Financial Statements
3	1. Statement of Net Position and Governmental Fund Balance Sheet – Current Year
3	2. Statement of Net Position and Governmental Fund Balance Sheet – Prior Year
4	3. Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance – Current Year
4	4. Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance – Prior Year
10 & 11	5. Statement of Revenues and Expenditures – Budget and Actual
2	Auditor's Opinion on Financial Statements
12	Schedule of Findings – Current and Prior Year, if applicable *
12	Corrective Action Plan – Current and Prior Year, if applicable*
13	Audit Firm CPA License
14	SSA Budget Summary page – used for comparison of actual expenses for current audit period
(Uploaded Separately)	Final Modified or Amended SSA Budget Workplan (Excel file) Date approved by Commission: <u>03 / 31 / 2020</u>
	Note: This budget workplan must correspond to Budget Summary page noted above in audit report package.

**required if findings exist*

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

Financial Statements
December 31, 2019 and 2018

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Financial Statements
December 31, 2019 and 2018

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, 2019 and 2018	3
Statements of Activities and Governmental Fund, Revenues, Expenditures and Changes in Fund Balances For the Years Ended December 31, 2019 and 2018	4
Notes to the Financial Statements - For the Years Ended December 31, 2019 and 2018	5-9
<u>Supplementary Information</u>	
Schedule of Revenues and Expenditures - Budget and Actual December 31, 2019	10
Schedule of Revenues and Expenditures - Budget and Actual December 31, 2018	11
Summary Schedule of Findings For the Year Ended December 31, 2019	12
State of Illinois License	13
SSA Budget Summary Page Used	14

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, (a taxing district authorized by the City of Chicago) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the SSA 17 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area 17, as of December 31, 2019 and 2018, 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 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
May 18, 2020

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Statements of Net Position and
Governmental Fund Balance Sheets
December 31, 2019 and 2018

	2019			2018		
	Governmental fund	Adjustments	Statement of Net position	Governmental fund	Adjustments	Statement of Net position
ASSETS						
Cash and cash equivalents	\$ 82,835	\$ -	\$ 82,835	\$ 71,252	\$ -	\$ 71,252
Property tax receivable, net allowance for uncollectable taxes of \$5,000 & \$25,000	752,170	-	752,170	732,112	-	732,112
Total Assets	\$ 835,005	\$ -	\$ 835,005	\$ 803,364	\$ -	\$ 803,364
LIABILITIES						
Accounts payable and accrued expenses Due to City of Chicago	\$ 300 -	\$ -	\$ 300 -	\$ 6,824 3,450	\$ -	\$ 6,824 3,450
Total Liabilities	300	-	300	10,274	-	10,274
DEFERRED INFLOWS						
Deferred property tax revenue	752,170	(752,170)	-	732,112	(732,112)	-
Total Deferred Inflows	752,170	(752,170)	-	732,112	(732,112)	-
FUND BALANCE / NET POSITION						
Unassigned	82,535	(82,535)	-	60,978	(60,978)	-
Total Fund Balance	82,535	(82,535)	-	60,978	(60,978)	-
Total Liabilities, Deferred Inflows and Fund Balance	\$ 835,005			\$ 803,364		
Net Position - Unrestricted		\$ (834,705)	\$ 834,705		\$ (793,090)	\$ 793,090

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

Total fund balance - governmental funds	\$ 82,535	\$ 60,978
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 governmental funds.	752,170	732,112
Total net position - governmental activities	\$ 834,705	\$ 793,090

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
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Governmental fund	Adjustments	Statement of Activities	Governmental fund	Adjustments	Statement of Activities
REVENUES						
Property taxes - net of allowance	\$ 792,174	\$ 20,058	\$ 812,232	\$ 748,323	\$ 5,836	\$ 754,159
Interest	177	-	177	92	-	92
Total Revenues	792,351	20,058	812,409	748,415	5,836	754,251
EXPENDITURES						
Customer attraction	117,363	-	117,363	104,818	-	104,818
Public way aesthetics	307,630	-	307,630	247,463	-	247,463
Sustainability and public places	14,826	-	14,826	7,529	-	7,529
Economic / business development	2,083	-	2,083	7,993	-	7,993
Safety programs	138,157	-	138,157	138,885	-	138,885
SSA management	53,615	-	53,615	55,138	-	55,138
Personnel	137,120	-	137,120	143,350	-	143,350
Total expenditures	770,794	-	770,794	705,176	-	705,176
Excess over/(under) of revenues over expenditures	21,557	20,058	41,615	43,239	5,836	49,075
Change in Net Position	21,557	20,058	41,615	43,239	5,836	49,075
Fund Balance/Net Position						
Beginning of the Year	60,978	732,112	793,090	17,739	726,276	744,015
End of the Year	<u>\$ 82,535</u>	<u>\$ 752,170</u>	<u>\$ 834,705</u>	<u>\$ 60,978</u>	<u>\$ 732,112</u>	<u>\$ 793,090</u>

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

Net change in Fund balance - governmental funds	\$ 21,557	\$ 43,239
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	20,058	5,836
Change in Net Position	<u>\$ 41,615</u>	<u>\$ 49,075</u>

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, 2019 and 2018

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 East 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.

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 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.

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

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 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.

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, 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.

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

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

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 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, 2019, and 2018, the allowance is estimated to be 1% and 3% 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.

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 2 – 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.

Subsequent Events

Subsequent events have been evaluated through May 18, 2020, 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.

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 4 – Related party transactions

The SSA is affiliated with Lakeview East Chamber of Commerce, which acts as its sole service provider. Special service area 17 shares office space, equipment, and employees through this affiliation. Special Service 17 has no employees of their own, but reimburses Lakeview East Chamber of Commerce for payroll and related costs. It also reimburses Lakeview East Chamber of Commerce for a portion of its operating expenses, and allocation of rent and utilities.

Supplementary Information

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property revenues and interest	\$ 760,612	\$ 792,351	\$ (31,739)
Total revenues	760,612	792,351	(31,739)
EXPENDITURES			
Customer attraction	120,963	117,363	3,600
Public way aesthetics	315,131	307,630	7,501
Sustainability and public places	14,900	14,826	74
Economic / business development	2,100	2,083	17
Safety programs	143,250	138,157	5,093
SSA management	53,650	53,615	35
Personnel	137,618	137,120	498
Total expenditures	<u>787,612</u>	<u>770,794</u>	<u>16,818</u>
Excess of revenues over expenditures	<u>\$ (27,000)</u>	<u>\$ 21,557</u>	<u>\$ (48,557)</u>
CARRYOVER			
	<u>27,000</u>	<u>-</u>	<u>27,000</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 21,557</u>	<u>\$ (21,557)</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property revenues and interest	\$ 759,622	\$ 748,415	\$ 11,207
TIF rebate	68	-	68
	<u>759,690</u>	<u>748,415</u>	<u>11,275</u>
EXPENDITURES			
Customer attraction	130,748	104,818	25,930
Public way aesthetics	297,723	247,463	50,260
Sustainability and public places	3,850	7,529	(3,679)
Economic / business development	9,500	7,993	1,507
Safety programs	163,000	138,885	24,115
SSA management	61,500	55,138	6,362
Personnel	143,369	143,350	19
	<u>809,690</u>	<u>705,176</u>	<u>104,514</u>
Excess of revenues over expenditures	<u>\$ (50,000)</u>	<u>\$ 43,239</u>	<u>\$ (93,239)</u>
CARRYOVER	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 43,239</u>	<u>\$ (43,239)</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, 2019

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 Development, we have read and understand the requirements contained in the Agreement for Special Service Area 17, between the City of Chicago and Lakeview East Chamber of Commerce.

The auditor's report expresses an unmodified opinion on the financial statements of Lakeview East Chamber of Commerce Special Service Area 17, for the year ended December 31, 2019. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.

CURRENT YEAR FINDINGS:

None Found

PRIOR YEAR FINDING AND UPDATE:

It was determined there was one finding per the above guide as follows: over spent in one of the budget categories but remained within the total 2018 budget. None of the budget categories were exceeded and remained within the total 2019 budget.

Special Service Area 17
Managed by Lakeview East Chamber of Commerce
For the Year Ended December 31, 2019



Special Service Area 17
Managed by Lakeview East Chamber of Commerce
For the Year Ended December 31, 2019

Exhibit A
Budget

Special Service Area # 17

Service Provider Agency:	Lake View East Chamber of Commerce
--------------------------	------------------------------------

2019 BUDGET SUMMARY

Budget and Services Period: January 1, 2019 through December 31, 2019

CATEGORY	2018 Levy		Carryover Funds	TIF Rebate Fund #	Estimated Late Collections and Interest	Total All Sources
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$117,463	\$0	\$0	\$0	\$3,500	\$120,963
2.00 Public Way Aesthetics	\$283,131	\$5,000	\$27,000	\$0	\$0	\$315,131
3.00 Sustainability and Public Places	\$14,900	\$0	\$0	\$0	\$0	\$14,900
4.00 Economic/Business Development	\$2,100	\$0	\$0	\$0	\$0	\$2,100
5.00 Safety Programs	\$138,250	\$5,000	\$0	\$0	\$0	\$143,250
6.00 SSA Management	\$53,650	\$0	\$0	\$0	\$0	\$53,650
7.00 Personnel	\$137,618	\$0		\$0	\$0	\$137,618
	Sub-total	\$747,112	\$10,000			
GRAND TOTALS	Levy Total	\$757,112	\$27,000	\$0	\$3,500	\$787,612