

Special Service Area 8
(a taxing district authorized by the City of Chicago)
Managed by Lakeview East Chamber of Commerce

Financial Statements
December 31, 2018 and 2017

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Independent Auditor's Report

To the Commissioners
Special Service Area 8
Lakeview East Chamber of Commerce

We have audited the accompanying financial statements of Special Service Area 8, (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 8 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area 8, 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 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 30, 2019

Special Service Area 8
Managed by Lakeview East Chamber of Commerce
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	\$ 118,277	\$ -	\$ 118,277	\$ 17,800	\$ -	\$ 17,800
Property tax receivable, net of allowance	894,179	-	894,179	894,179	-	894,179
Prepaid expenses	1,500	-	1,500	7,905	-	7,905
Total Assets	<u>\$ 1,013,956</u>	<u>\$ -</u>	<u>\$ 1,013,956</u>	<u>\$ 919,884</u>	<u>\$ -</u>	<u>\$ 919,884</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 25,143	\$ -	\$ 25,143	\$ -	\$ -	\$ -
Total Liabilities	25,143	-	25,143	-	-	-
DEFERRED INFLOWS						
Deferred property tax revenue	894,179	(894,179)	-	894,179	(894,179)	-
Total Deferred Inflows	894,179	(894,179)	-	894,179	(894,179)	-
FUND BALANCE / NET POSITION						
Unassigned	94,634	(94,634)	-	25,705	(25,705)	-
Total Fund Balance	94,634	(94,634)	-	25,705	(25,705)	-
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 1,013,956</u>			<u>\$ 919,884</u>		
Net Position - Unrestricted		<u>\$ (988,813)</u>	<u>\$ 988,813</u>		<u>\$ (919,884)</u>	<u>\$ 919,884</u>

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

Total fund balance - governmental funds	\$ 94,634	\$ 25,705
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.	894,179	894,179
	<u>\$ 988,813</u>	<u>\$ 919,884</u>

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

Special Service Area 8
Managed by Lakeview East Chamber of Commerce
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 - net of allowance	\$ 919,180	\$ -	\$ 919,180	\$ 922,728	\$ 30,783	\$ 953,511
Interest	-	-	-	-	-	-
Total Revenues	919,180	-	919,180	922,728	30,783	953,511
EXPENDITURES						
Customer attraction	230,517	-	230,517	228,569	-	228,569
Public way aesthetics	299,700	-	299,700	301,958	-	301,958
Sustainability and public places	18,659	-	18,659	26,321	-	26,321
Economic / business development	6,501	-	6,501	14,269	-	14,269
Safety programs	42,500	-	42,500	58,229	-	58,229
Management	75,650	-	75,650	85,757	-	85,757
Personnel	176,724	-	176,724	186,207	-	186,207
Total Expenditures	850,251	-	850,251	901,310	-	901,310
Excess of revenues over expenditures	68,929	-	68,929	21,418	30,783	52,201
Change in Net Position	68,929	-	68,929	21,418	30,783	52,201
Fund Balance/Net Position						
Beginning of the Year	25,705	894,179	919,884	4,287	863,396	867,683
End of the Year	<u>\$ 94,634</u>	<u>\$ 894,179</u>	<u>\$ 988,813</u>	<u>\$ 25,705</u>	<u>\$ 894,179</u>	<u>\$ 919,884</u>

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

Net change in Fund balance - governmental funds	\$ 68,929	\$ 21,418
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	-	30,783
Change in Net Position	<u>\$ 68,929</u>	<u>\$ 52,201</u>

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

Special Service Area 8
Managed by Lakeview East Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 1 – Organization and nature

Nature of activities and reporting entity

Special Service Area 8 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 8 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.

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).

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

Special Service Area 8
Managed by Lakeview East Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

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.

Special Service Area 8
Managed by Lakeview East Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

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

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.

Receivables

All property tax receivables are shown net of allowance. As of December 31, 2018 and 2017, the allowance is estimated to be 3% or approximately \$25,000, and 3% or approximately \$27,000, of the outstanding property taxes, respectively.

Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements.

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 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 8
Managed by Lakeview East Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

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 compromised 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 30, 2019, 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 8
Managed by Lakeview East Chamber of Commerce
Notes to Financial Statements
For the Year Ended December 31, 2018 and 2017

NOTE 4 – Related party transactions

The SSA is affiliated with Lakeview East Chamber of Commerce as its sole service provider. Special service area 8 shares office space, equipment, and employees through this affiliation. Special Service Area 8 has no employees of their own, but reimburses Lakeview Chamber of Commerce for payroll and related costs of the individuals working on the SSA programs. It also reimburses Lakeview East Chamber of Commerce for a portion of its operating expenses, rent and utilities.

Supplementary Information

Special Service Area 8
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 - current year	\$ 937,179	\$ 919,180	\$ 17,999
Total revenues	937,179	919,180	17,999
EXPENDITURES			
Customer attraction	238,057	230,517	7,540
Public way aesthetics	355,177	299,700	55,477
Sustainability and public places	29,700	18,659	11,041
Economic / business development	20,200	6,501	13,699
Safety programs	56,500	42,500	14,000
Management	76,700	75,650	1,050
Personnel	180,845	176,724	4,121
Total expenditures	957,179	850,251	106,928
Excess of revenues over expenditures	<u>\$ (20,000)</u>	<u>\$ 68,929</u>	<u>\$ (88,929)</u>
CARRYOVER	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 68,929</u>	<u>\$ (68,929)</u>

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

Special Service Area 8
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	\$ 917,785	\$ 922,728	\$ (4,943)
Total revenues	917,785	922,728	(4,943)
EXPENDITURES			
Customer attraction	228,705	228,569	136
Public way aesthetics	310,546	301,958	8,588
Sustainability and public places	32,400	26,321	6,079
Economic / business development	17,500	14,269	3,231
Safety programs	58,700	58,229	471
Management	86,900	85,757	1,143
Personnel	186,234	186,207	27
Total expenditures	<u>920,985</u>	<u>901,310</u>	<u>19,675</u>
Excess of revenues over expenditures	<u>\$ (3,200)</u>	<u>\$ 21,418</u>	<u>\$ (24,618)</u>
CARRYOVER			
	<u>3,200</u>	<u>-</u>	<u>3,200</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 21,418</u>	<u>\$ (21,418)</u>

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

Special Service Area 8
Managed by Lakeview East Chamber of Commerce
Summary Schedule of Findings
For the Year Ended December 31, 2018

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 for Special Service Area 8 between the City of Chicago and Lakeview East Chamber of Commerce.

FINDINGS- CURRENT YEAR AND PRIOR YEAR:

After conducting the audit, we determined that there was the below finding:

Service provider must establish a separate bank account in Chicago Illinois for the Special Service Area funds. Special Service Area 8 does maintain a bank account for inflows of the property tax levies but does not disburse any funds related to approved expenditures. All approved Special Service expenditures are disbursed from Lakeview East Chamber of Commerce and then Special Service Area 8 reimburses them.

RESPONSE-CURRENT YEAR AND PRIOR YEAR:

Special Service Area 8 does maintain a separate depository bank account only. All bills are paid through the Lakeview East Chamber of Commerce bank account and monies are transferred out of the SSA account for the amount of funds approved and spent for SSA. SSA 8 funds are not commingled with other Lakeview East Chamber of Commerce sources.

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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