



Benford Brown & Associates

CPA Firm
Bright People
Brilliant Ideas
Amazing Results

SPECIAL SERVICE AREA NO. 61

Financial Statements

Years ended December 31, 2018 and 2017

(With Independent Auditors' Report Thereon)

CITY OF CHICAGO – SPECIAL SERVICE AREA NO. 61

TABLE OF CONTENTS

	<u>Page(s)</u>
PART I - FINANCIAL	
Independent Auditors' Report.....	1 - 2
Statement of Net Position and Governmental Funds Balance Sheet - 2018.....	3
Statement of Net Position and Governmental Funds Balance Sheet - 2017.....	4
Statement of Activities and Government Funds, Revenues, Expenditures and Changes in Fund Balance - 2018.....	5
Statement of Activities and Government Funds, Revenues, Expenditures and Changes in Fund Balance - 2017.....	6
Statement of Revenues and Expenditures – Budget and Actual - 2018.....	7 - 8
Statement of Revenues and Expenditures – Budget and Actual - 2017.....	9 - 10
Notes to Financial Statements.....	11 - 14
Supplementary Information:	
Summary Schedule of Findings.....	15



8334 South Stony Island Avenue
Chicago, IL 60617
(773) 731-1300
fax (773) 731-1301
www.benfordbrown.com

Independent Auditors' Report

The Board of Commissioners of
Special Service Area No. 61:

We have audited the accompanying financial statements of Special Service Area No. 61 (a taxing district authorized by the City of Chicago), which comprise the statements of net position and governmental funds balance sheet as of December 31, 2018 and 2017 and the related statements of activities and governmental funds, revenues, expenditures and changes in fund balance, and statements of revenues and expenditures – budget and actual, 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 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 SSA #61'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 SSA #61'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 opinions.

Unmodified Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities and major fund of Special Service Area No. 61 as of December 31, 2018 and 2017, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of Special Service Area No. 61 are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and major fund of Special Service Area No. 61 that is attributable to the transactions of Special Service Area No. 61. They do not purport to, and do not present fairly the financial position of the City of Chicago as of December 31, 2018 and 2017 and the changes in its activities for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

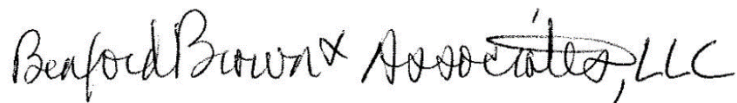
Required Supplementary Information

Management has omitted the management discussion and analysis (MD&A) 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 (GASB), 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.

Accounting principles generally accepted in the United States of America require that the statement of revenues and expenditures - budget and actual on pages 8 and 9 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by GASB 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient to evidence to express an opinion or provide any assurance.

Other Information

The summary schedule of findings has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Benford Brown & Associates, LLC
Chicago, IL
April 30, 2019

SPECIAL SERVICE AREA NO. 61

Statement of Net Position and Governmental Funds Balance Sheet

December 31, 2018

<u>Assets</u>	<u>Governmental funds</u>	<u>Adjustments</u>	<u>Statement of net position</u>
Current assets:			
Cash	\$ 11,310	\$ -	\$ 11,310
Property tax receivables, net allowance	269,680	-	269,680
Accounts receivable	1,000	-	1,000
Total assets	\$ 281,990	\$ -	\$ 281,990
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	\$ 32,951	\$ -	\$ 32,951
Due to affiliate-SECC (note 5)	53,544	-	53,544
Total liabilities	86,495	-	86,495
Deferred inflows of resources:			
Deferred property tax revenue (note 4)	268,497	(268,497)	-
Fund balance/net position:			
Unassigned	(73,002)	73,002	-
Total fund balance	(73,002)	73,002	-
Total liabilities, deferred inflows of resources and fund balances	\$ 281,990		
Net position:			
Unassigned		\$ 195,495	\$ 195,495

Amount reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	<u>\$ (73,002)</u>
Property tax revenue is recognized in the period for which it is levied rather than when "available". A portion of the property tax is deferred as it is not available in the government fund.	<u>268,497</u>
Total net position - governmental activities	<u>\$ 195,495</u>

The accompanying notes are an integral part of these financial statements.

SPECIAL SERVICE AREA NO. 61

Statement of Net Position and Governmental Funds Balance Sheet

December 31, 2017

<u>Assets</u>	<u>Governmental funds</u>	<u>Adjustments</u>	<u>Statement of net position</u>
Current assets:			
Cash	\$ 21,126	\$ -	\$ 21,126
Property tax receivables, net allowance	268,395	-	268,395
Accounts receivable	1,000	-	1,000
Total assets	\$ 290,521	\$ -	\$ 290,521
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	\$ 13,902	\$ -	\$ 13,902
Due to affiliate-SECC (note 5)	46,601	-	46,601
Total liabilities	60,503	-	60,503
Deferred inflows of resources:			
Deferred property tax revenue (note 4)	256,926	(256,926)	-
Fund balance/net position:			
Unassigned	(26,908)	26,908	-
Total fund balance	(26,908)	26,908	-
Total liabilities, deferred inflows of resources and fund balances	\$ 290,521		
Net position:			
Unassigned		\$ 230,018	\$ 230,018

Amount reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	\$ (26,908)
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 fund.	256,926
Total net position - governmental activities	\$ 230,018

The accompanying notes are an integral part of these financial statements.

SPECIAL SERVICE AREA NO. 61

Statement of Activities and Governmental Funds, Revenues, Expenditures and Changes in Fund Balance

For the year ended December 31, 2018

	Governmental funds	Adjustments	Statement of activities
Revenue:			
Tax levy revenue	\$ 244,066	\$ (11,571)	\$ 232,495
Interest revenue	15	-	15
Total revenue and other support	244,081	(11,571)	232,510
Expenditures:			
Customer Attraction	115,549	-	115,549
Public Way Aesthetics	90,515	-	90,515
Sustainability and Public Places	-	-	-
Economic/Business Development	550	-	550
SSA Management	21,731	-	21,731
Personnel	61,830	-	61,830
Total expenditures	290,175	-	290,175
Excess of revenue over expenditures	(46,094)	46,094	
Decrease in net position		(57,665)	(57,665)
Fund balance/net position as of January 1, 2018	(26,908)	256,926	230,018
Fund balance/net position as of December 31, 2018	\$ (73,002)	\$ 245,355	\$ 172,353

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

Decrease in fund balance - governmental funds	<u>\$ (46,094)</u>
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds	<u>(11,571)</u>
Net change in net position - governmental activities	<u>\$ (57,665)</u>

The accompanying notes are an integral part of these financial statements.

SOUTH EAST CHICAGO COMMISSION - SPECIAL SERVICE AREA NO. 61

Statement of Activities and Governmental Funds, Revenues, Expenditures and Changes in Fund Balance

For the year ended December 31, 2017

	Governmental funds	Adjustments	Statement of activities
Revenue:			
Tax levy revenue	\$ 272,622	\$ (11,419)	\$ 261,203
Total revenue and other support	272,622	(11,419)	261,203
Expenditures:			
Customer Attraction	71,134	-	71,134
Public Way Aesthetics	116,229	-	116,229
Sustainability and Public Places	957	-	957
Safety Programs	-	-	-
SSA Management	21,794	-	21,794
Personnel	61,830	-	61,830
Miscellaneous	43	-	43
Loss collection	2,795	-	2,795
Total expenditures	274,782	-	274,782
Excess of revenue over expenditures	(2,160)	2,160	
Decrease in net position		(13,579)	(13,579)
Fund balance/net position as of January 1, 2017	(950)	268,345	267,395
Prior period adjustments (note 6)	(23,798)	-	(23,798)
Fund balance/net position as of January 1, 2017, as restated	(24,748)	268,345	243,597
Fund balance/net position as of December 31, 2017	\$ (26,908)	\$ 256,926	\$ 230,018

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

Decrease in fund balance - governmental funds	\$ (2,160)
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds	(11,419)
Net change in net position - governmental activities	\$ (13,579)

The accompanying notes are an integral part of these financial statements.

SPECIAL SERVICE AREA NO. 61

Statement of Revenues and Expenditures - Budget and Actual

For the year ended December 31, 2018

	Budget	Actual	Variance
Revenues:			
Tax levy revenue	\$ 268,395	\$ 244,066	\$ 24,329
Late collections	2,795	-	2,795
Interest income	-	15	(15)
Total revenues	271,190	244,081	27,109
Expenditures:			
Customer attraction -			
Websites	6,600	10,535	(3,935)
Special events	32,000	48,250	(16,250)
Social media outreach	5,400	9,430	(4,030)
Decorative banners	12,000	14,465	(2,465)
Holiday decorations	-	360	(360)
Print materials	4,000	1,122	2,878
Brand placement	-	1,745	(1,745)
Farmers market	7,000	27,692	(20,692)
Vitality committee	-	1,950	(1,950)
Total customer attraction	67,000	115,549	(48,549)
Public way aesthetics -			
Landscaping (plants, watering, etc.)	30,400	26,504	3,896
Facade enhancement program - rebates	8,000	-	8,000
Streetscape elements (included capital installation,	5,795	7,898	(2,103)
Sidewalk maintenance	25,000	20,725	4,275
Garbage remediation	29,211	26,929	2,282
Tree removal	-	3,459	(3,459)
Viduct retrofit	5,000	5,000	-
Total public way aesthetics	103,406	90,515	12,891
Sustainability and public places -			
Bicycle transit enhancement	3,000	-	3,000
Nichols Park entrance	3,999	-	3,999
Total sustainability and public places	6,999	-	6,999

SPECIAL SERVICE AREA NO. 61

Statement of Revenues and Expenditures - Budget and Actual

For the year ended December 31, 2018

	Budget	Actual	Variance
Economic/Business development -			
Site marketing (materials, services, etc.)	-	550	(550)
Strategic planning	4,000	-	4,000
Concierge	3,500	-	3,500
Total economic and business development	7,500	550	6,950
Safety programs -			
Façade enhancement	4,000	-	4,000
Total safety programs	4,000	-	4,000
SSA management -			
Audit	3,000	6,000	(3,000)
Bookkeeping	5,000	4,992	8
Office rent	5,000	5,000	-
Office supplies	-	1,563	(1,563)
Equipment lease and maintenance	1,560	1,621	(61)
Office printing	-	1,470	(1,470)
Office meeting	3,000	921	2,079
Meeting expense	-	80	(80)
Dues subscription	100	84	16
Total SSA management	17,660	21,731	(4,071)
Personnel -			
Program manager	61,830	61,830	-
Total personnel	61,830	61,830	-
Loss collections (sustainability and public places)	2,795	-	2,795
Total expenditures	271,190	290,175	(18,985)
Excess of expenditures over revenues	\$ -	\$ (46,094)	\$ 46,094

The accompanying notes are an integral part of these financial statements.

SOUTH EAST CHICAGO COMMISSION - SPECIAL SERVICE AREA NO. 61

Statement of Revenues and Expenditures - Budget and Actual

For the year ended December 31, 2017

	Budget	Actual	Variance
Revenues:			
Tax levy revenue	\$ 265,550	\$ 262,659	\$ 2,891
Total revenues	265,550	262,659	2,891
Expenditures:			
Customer attraction -			
Websites	5,250	7,775	(2,525)
Special events	32,000	31,686	314
Social media outreach	5,383	6,570	(1,187)
Decorative banners	12,000	11,275	725
Holiday decorations	-	865	(865)
Print materials	4,000	3,138	862
Brand placement	-	4,825	(4,825)
Farmers market	5,000	5,000	-
Total customer attraction	63,633	71,134	(7,501)
Public way aesthetics -			
Landscaping (plants, watering, etc.)	30,400	34,641	(4,241)
Façade enhancement program - rebates	8,000	2,535	5,465
Streetscape elements (included capital installation,	2,656	9,420	(6,764)
Sidewalk maintenance	25,000	28,080	(3,080)
Garbage remediation	42,000	41,553	447
Tree removal	6,000	-	6,000
Total public way aesthetics	114,056	116,229	(2,173)
Sustainability and public places -			
Bicycle transit enhancement	3,000	957	2,043
Nichols Park entrance	5,000	-	5,000
Total sustainability and public places	8,000	957	7,043

SOUTH EAST CHICAGO COMMISSION - SPECIAL SERVICE AREA NO. 61

Statement of Revenues and Expenditures - Budget and Actual

For the year ended December 31, 2017

	Budget	Actual	Variance
SSA management -			
SSA annual report	-	850	(850)
SSA Audit	3,000	2,500	500
Bookkeeping	5,000	4,992	8
Office rent	5,000	5,000	-
Office utilities	-	292	(292)
Office supplies	-	3,308	(3,308)
Equipment lease and maintenance	1,560	2,000	(440)
Office meeting	3,000	244	2,756
Meeting expense	-	1,195	(1,195)
Miscellaneous	-	1,292	(1,292)
Dues subscription	100	134	(34)
Banking	-	30	(30)
Total SSA management	17,660	21,837	(4,177)
Personnel -			
Program manager	61,830	61,830	-
Total personnel	61,830	61,830	-
Loss collections	371	(7,168)	7,539
Total expenditures	265,550	264,819	731
Excess of expenditures over revenues	\$ -	\$ (2,160)	\$ 2,160

The accompanying notes are an integral part of these financial statements.

SPECIAL SERVICE AREA NO. 61

Notes to the Financial Statements

Year ended December 31, 2018

(1) Organization Description

Special Service Area No. 61 (SSA #61) was created in 2014 and is a taxing district authorized by the City of Chicago located in Chicago, IL. SSA #61 was established with the strategic mission to enhance and maintain a vibrant, pedestrian-friendly, neighborhood commercial district that reflects the culture of Hyde Park while serving local stakeholders and attracting visitors. SSA #61 is funded by property taxes levied on properties within SSA 61's boundaries, which are collected by the Cook County Treasurer, and then distributed by the City of Chicago to SSA #61.

SSA #61 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with the South East Chicago Commission to perform administrative duties as the service provider for this SSA during the reporting period. South East Chicago Commission is an Illinois not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

(2) Summary of Significant Accounting Policies

Government-Wide and Fund Financial Statements

The financial statements of SSA #61 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 U.S. GAAP. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Government-wide financial statements (statement of net position and statement of activities) are prepared using the economic resources measurement focus and accrued basis of accounting for all of SSA #61's activities. The Fund Financial Statements, which focus on SSA #61's governmental funds current financial resources measurement focus, are prepared on the modified accrual basis. SSA #61 accounts for its activities in one fund, its general fund.

Measurement Focus, Basic 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

SPECIAL SERVICE AREA NO. 61

Notes to the Financial Statements

Year ended December 31, 2018

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

The preparation of financial statements in conformity with U.S. GAAP 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. According, actual results could differ from those estimates.

Cash, Cash Equivalents and Investments

SSA #61's cash and cash equivalent 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. Presently, SSA #61 does not have any short-term investments.

Cash and cash equivalents are subject to custodial credit risk in the event of a bank failure, the SSA's deposit may not be returned. SSA #61 maintains its cash in bank deposit, at times, may exceed FDIC insured limits. The amount of cash that exceed FDIC insured limits is \$0 as of December 31, 2018 and 2017.

Receivables

All property tax receivables are shown net of allowances. As of December 31, 2018 and 2017, there were no allowances estimated for the outstanding property taxes.

Prepaid Items

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items 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 SSA #61's board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the SSA #61 board. Unassigned fund balance is the net resources in excess of what can be properly classified in one of the above four (4) categories.

SPECIAL SERVICE AREA NO. 61

Notes to the Financial Statements

Year ended December 31, 2018

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.

(3) Property Taxes

Property taxes become an enforceable lien on the 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 SSA #61's share to the City. The City then remits the monies collected from Cook County to SSA #61.

(4) Deferred Inflows of Resources

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.

(5) Related Party Transactions

SSA #61 is affiliated with South East Chicago Commission, which provides certain administrative services for SSA #61. As of December 31, 2018 and 2017, \$53,544 and \$22,803, respectively, was payable for services provided. The balance resulted from the time lag that 1) goods and services are being provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments are being made.

(6) Net Position Restatement

During 2018, management made adjustments to the due to affiliate-SECC balance for unrecorded transactions from 2016. The prior period adjustments are as follows:

SPECIAL SERVICE AREA NO. 61

Notes to the Financial Statements

Year ended December 31, 2018

Governmental funds:

Fund balance/net position – governmental funds at January 1, 2017 (\$ 950)

Adjustments to fund balance/net position - governmental funds:

To adjust due to affiliate-SECC (\$ 23,798)

Fund balance/net position – governmental funds at January 1, 2017,
as restated (\$ 24,748)

(7) Subsequent Events

For the fiscal year ending December 31, 2018, SSA #61's management has evaluated subsequent events through April 30, 2019, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed through that date.

SUMMARY SCHEDULE OF FINDINGS AND RESPONSES

SOUTH EAST CHICAGO COMMISSION – SPECIAL SERVICE AREA NO. 61

Service Provider Agreement Compliance

Summary Schedule of Findings and Responses

Year ended December 31, 2018

We have read and understand the necessary audit requirements contained in the Service Provider Agreement. Accordingly, based on our audit we noted no exceptions during the year ending December 31, 2018.

State of Illinois

Department of Financial and Professional Regulation Division of Professional Regulation

LICENSE NO.
066.004323
065.023690

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



BENFORD BROWN & ASSOCIATES LLC
8334 S STONY ISLAND AVE
CHICAGO, IL 60617-1759



DEBORAH HAGAN
ACTING SECRETARY

JESSICA BAER
DIRECTOR

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

13459828

Cut on Dotted Line 

