

Special Service Area 29 - 2014
(a taxing district authorized by the City of Chicago)
Managed by West Town Chicago Chamber of Commerce.

Financial Statements
December 31, 2017 and 2016

Special Service Area 29-2014
Managed by West Town Chicago Chamber of Commerce

Financial Statements
December 31, 2017 and 2016
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Independent Auditor's Report

To the Commissioners of
Special Service Area 29-2014
Managed by West Town Chicago Chamber of Commerce

We have audited the accompanying financial statements of Special Service Area 29-2014, which comprise the statements of net position and governmental fund balance sheets as of December 31, 2017 and 2016, and the related statements of activities and governmental fund / revenues, expenditures and changes in fund balance 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 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 29-2014 as of December 31, 2017 and 2016, and its statements of activities and governmental fund / revenues, expenditures and changes in fund balance, and summary schedule of audit findings for the year 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 schedules 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
April 9, 2018

Special Service Area Number 29 - 2014
Managed by West Town Chicago Chamber of Commerce
Statements of Net Position and
Governmental Fund Balance Sheets
December 31, 2017 and 2016

	2017			2016		
	Governmental Fund	Adjustments	Statement of Net Position	Governmental Fund	Adjustments	Statement of Net Position
ASSETS						
Cash and cash equivalents	\$ 185,024	\$ -	\$ 185,024	\$ 243,161	\$ -	\$ 243,161
Property tax receivable, net of allowance	594,720	-	594,720	572,445	-	572,445
Due from City of Chicago	-	-	-	5,624	-	5,624
TIF rebate receivable	24,787	-	24,787	12,645	-	12,645
Total Assets	\$ 804,531	\$ -	\$ 804,531	\$ 833,875	\$ -	\$ 833,875
LIABILITIES						
Accounts payable and accrued expenses	\$ 47,010	\$ -	\$ 47,010	\$ 29,552	\$ -	\$ 29,552
Total Liabilities	47,010	-	47,010	29,552	-	29,552
DEFERRED INFLOWS						
Deferred property tax revenue	594,720	(594,720)	-	572,445	(572,445)	-
Total Deferred Inflows	594,720	(594,720)	-	572,445	(572,445)	-
FUND BALANCE / NET POSITION						
Unassigned	162,801	(162,801)	-	231,878	(231,878)	-
Total Fund balance	162,801	(162,801)	-	231,878	(231,878)	-
Total Liabilities, Deferred Inflows and Fund Balance	\$ 804,531			\$ 833,875		
Net Position - Unrestricted		\$ (757,521)	\$ 757,521		\$ (804,323)	\$ 804,323
Amounts reported for government activities in the statement of net position are different because:						
Total fund balance - governmental funds			\$ 162,801			\$ 231,878
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.			594,720			572,445
Total net position - governmental activities			\$ 757,521			\$ 804,323

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

Special Service Area Number 29 - 2014
Managed by West Town Chicago Chamber of Commerce
Statements of Activities and Governmental Fund /
Revenues, Expenditures and Changes in Fund Balances
December 31, 2017 and 2016

	2017			2016		
	Governmental Fund	Adjustments	Statement of Activities	Governmental Fund	Adjustments	Statement of Activities
REVENUES						
Property taxes and interest	\$ 565,831	\$ 22,275	\$ 588,106	\$ 506,443	\$ 91,353	\$ 597,796
TIF rebates	13,621	-	13,621	12,645	-	12,645
Interest	2,088	-	2,088	1,007	-	1,007
Total Revenues	581,540	22,275	603,815	520,095	91,353	611,448
EXPENDITURES						
Customer attraction	144,312	-	144,312	100,931	-	100,931
Public way aesthetics	301,620	-	301,620	213,044	-	213,044
Sustainability & public places	734	-	734	500	-	500
Economic business development	24,255	-	24,255	16,905	-	16,905
Safety programs	8,000	-	8,000	500	-	500
SSA management	35,231	-	35,231	37,265	-	37,265
Personnel	136,465	-	136,465	138,120	-	138,120
Total Expenditures	650,617	-	650,617	507,265	-	507,265
Excess of revenues over expenses	(69,077)	22,275	(46,802)	12,830	91,353	104,183
Change in Net Position	(69,077)	22,275	(46,802)	12,830	91,353	104,183
Fund Balance/Net Position						
Beginning of the Year	231,878	572,445	804,323	219,048	481,092	700,140
End of the Year	<u>\$ 162,801</u>	<u>\$ 594,720</u>	<u>\$ 757,521</u>	<u>\$ 231,878</u>	<u>\$ 572,445</u>	<u>\$ 804,323</u>

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

Net change in Fund balance - governmental funds	\$ (69,077)	\$ 12,830
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	<u>22,275</u>	<u>91,353</u>
Change in Net Position	<u>\$ (46,802)</u>	<u>\$ 104,183</u>

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

Special Service Area 29 – 2014
Managed by West Town Chicago Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 1 – Nature of Activities and Reporting Entity

Special Service Area 29-2014 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 West Town 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 29-2014 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with West Town Chamber of Commerce to perform administrative duties as the service provider for this SSA during the reporting period. West Town Chicago Chamber of Commerce is an Illinois non-for-profit corporation that is exempt from federal taxes under Section 501(c)6 of the Internal Revenue Code.

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.

Special Service Area 29 – 2014
Managed by West Town Chicago Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

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

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. 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.

Special Service Area 29 – 2014
Managed by West Town Chicago Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

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

c. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

The SSA's cash and cash equivalents are considered to be 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.

Receivables

This new special service area was created and established as of January 1, 2015, which includes most, but not all, properties that existed in SSA 29, the initial special service area. All property tax receivables are shown net of allowances. As of December 31, 2017 and 2016, the allowance for each year is estimated to be approximately 2%, or \$10,000, 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 board. Unassigned fund balance 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.

Special Service Area 29 – 2014
Managed by West Town Chicago Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

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

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 April 9, 2018, 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, 2017 and 2016.

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

Special Service Area 29 – 2014
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Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 4 – Property Taxes - (continued)

are issued and collected by Cook County who remits the SSA's share to the City who then remits the monies to the SSA.

NOTE 5 – Other Receivables

As of December 31, 2017 and 2016, a TIF rebate receivable of \$24,787 and \$12,645, respectively, was identified and reported to the SSA, by the City of Chicago. TIF rebates will be received by the SSA over the term of this SSA.

NOTE 6 – Accounts Payable

Accounts payable balance at December 31, 2017 and 2016, is \$47,010 and \$29,552, respectively. These balances consist of expenses / services incurred during the respective year related to façade enhancement programs, tree maintenance, decorative banners, and reimbursed costs.

NOTE 7 – Deferred Inflows of Revenue / Deferred Property Tax 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. The balance in deferred property tax revenue at December 31, 2017 and 2016, reflective of the 2017 and 2016 levy, is \$594,720 and \$572,445, respectively.

NOTE 8 – 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 #29-2014 between the City of Chicago and West Town Chicago Chamber of Commerce. As of December 31, 2017 and 2016, the SSA had unrestricted net assets/carryover of \$162,801 and \$231,878, respectively.

Special Service Area 29 – 2014
Managed by West Town Chicago Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 9 – Related Party Transactions

The SSA is affiliated with West Town Chicago Chamber of Commerce, which acts as its sole service provider. Special service area 29-2014 shares office space, equipment, and employees through this affiliation. Special Service Area 29-2014 has no employees of their own, but reimburses West Town Chicago Chamber of Commerce for payroll and related costs of the individuals working on the programs. It also reimburses West Town Chicago Chamber of Commerce for a portion of its operating expenses, and allocation of rent and utilities.

Supplementary Information

Special Service Area Number 29 - 2014
Managed by West Town Chicago Chamber of Commerce
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2017

	Budget	Actual	Variance
REVENUE			
Property taxes and interest	\$ 538,832	\$ 560,653	\$ 21,821
TIF rebates	1,479	13,621	12,142
Late collections	33,613	5,178	(28,435)
Interest	-	2,088	2,088
	<u>573,924</u>	<u>581,540</u>	<u>7,616</u>
EXPENDITURES			
Customer attraction	156,177	144,312	11,865
Public way aesthetics	326,821	301,620	25,201
Sustainability and public places	983	734	249
Economic business development	24,747	24,255	492
Safety programs	8,000	8,000	-
SSA management	35,231	35,231	-
Personnel	136,465	136,465	-
	<u>688,424</u>	<u>650,617</u>	<u>37,807</u>
Excess of revenues over expenditures	<u>\$ (114,500)</u>	<u>\$ (69,077)</u>	<u>\$ 45,423</u>
CARRYOVER	<u>114,500</u>	<u>-</u>	<u>(114,500)</u>
Net revenue in excess of expenditures	<u>\$ -</u>	<u>\$ (69,077)</u>	<u>\$ (69,077)</u>

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

Special Service Area Number 29 - 2014
Managed by West Town Chicago Chamber of Commerce
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2016

	Budget	Actual	Variance
REVENUE			
Property taxes and interest	\$ 573,924	\$ 506,443	\$ (67,481)
TIF rebates	10,796	12,645	1,849
Late collections	16,000	-	(16,000)
Interest	-	1,007	1,007
	<u>600,720</u>	<u>520,095</u>	<u>(80,625)</u>
EXPENDITURES			
Customer attraction	114,796	100,931	13,865
Public way aesthetics	342,000	213,044	128,956
Sustainability and public places	500	500	-
Economic business development	20,000	16,905	3,095
Safety programs	4,450	500	3,950
SSA management	37,450	37,265	185
Personnel	138,124	138,120	4
Loss collection	35,000	-	35,000
	<u>692,320</u>	<u>507,265</u>	<u>185,055</u>
Excess of revenues over expenditures	<u>\$ (91,600)</u>	<u>\$ 12,830</u>	<u>\$ 104,430</u>
CARRYOVER			
	<u>91,600</u>	<u>-</u>	<u>(91,600)</u>
Net revenue in excess of expenditures	<u>\$ -</u>	<u>\$ 12,830</u>	<u>\$ 12,830</u>

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

Special Service Area 29 – 2014
Managed by West Town Chamber of Commerce
Summary Schedule of Findings
For the Year Ended December 31, 2017

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 29-2014, between the City of Chicago and West Town Chamber of Commerce.

The auditor's report expresses an unmodified opinion on the financial statements of West Town Chicago Chamber Special Service Area 29-2014 for the year ended December 31, 2017. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.

FINDINGS & Questioned Costs – none found