

SPECIAL SERVICE AREA #24
(a taxing district authorized by the City of Chicago)

FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016

(TOGETHER WITH INDEPENDENT AUDITOR'S REPORT)

SPECIAL SERVICE AREA #24
(a taxing district authorized by the City of Chicago)

As of December 31, 2017 and 2016

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THE A.C.T. GROUP Ltd

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of DevCorp North D/B/A Rogers Park Business Alliance
Commissioners of Special Service Area #24
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Special Service Area #24 (a taxing district authorized by the City of Chicago) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Special Service Area #24 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 the 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 audits. We conducted our audits 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 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 unqualified audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area #24 as of December 31, 2017 and 2016, and the changes in financial position and budgetary comparison for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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.

The A.C.T. Group, Ltd.

The A.C.T. Group, Ltd.
Certified Public Accountants
April 25, 2018

SPECIAL SERVICE AREA #24
(a taxing district authorized by the City of Chicago)
Managed by DevCorp North D/B/A Rogers Park Business Alliance
Statements of Net Position and Governmental Funds Balance Sheets
December 31, 2017 and 2016

	2017			2016		
	Governmental Funds	Adjustments	Statement of Net Position	Governmental Funds	Adjustments	Statement of Net Position
ASSETS						
<u>Current Assets</u>						
Cash	\$ 1,212	\$ -	\$ 1,212	\$ 1,473	\$ -	\$ 1,473
Property Tax Receivable, net of allowance for uncollectable taxes of \$11,749 and \$11,684	281,972	-	281,972	280,409	-	280,409
Due from City of Chicago	-	-	-	1,066	-	1,066
Prepaid Expenses	711	-	711	-	-	-
Security Deposit	150	-	150	150	-	150
TOTAL ASSETS	\$ 284,045	\$ -	\$ 284,045	\$ 283,098	\$ -	\$ 283,098
LIABILITIES						
<u>Current Liabilities</u>						
Accounts Payable	\$ 3,382	\$ -	\$ 3,382	\$ 11,307	\$ -	\$ 11,307
Accrued Expenses	7,218	-	7,218	4,075	-	4,075
Due to SSA #19	615	-	615	1,113	-	1,113
Due to SSA #43	916	-	916	-	-	-
Due to SSA #54	85	-	85	64	-	64
Due to RPBA	62,054	-	62,054	42,517	-	42,517
TOTAL LIABILITIES	74,270	-	74,270	59,076	-	59,076
DEFERRED INFLOWS						
Deferred Property Tax Revenue	281,972	(281,972)	-	280,584	(280,584)	-
FUND BALANCES / NET POSITION						
<u>Non-spendable:</u>	-	-	-	-	-	-
Prepaid Items	711	(711)	-	-	-	-
<u>Committed:</u>	-	-	-	-	-	-
<u>Assigned:</u>	-	-	-	-	-	-
<u>Unassigned (Deficit)</u>	(72,908)	72,908	-	(56,562)	56,562	-
TOTAL FUND BALANCE	(72,197)	72,197	-	(56,562)	56,562	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 284,045			\$ 283,098		
<u>Net Position</u>						
Restricted		\$ 209,775	\$ 209,775		\$ 224,022	\$ 224,022

Amounts reported for governmental activities in the statements of net position are different because:

Total fund balance - governmental funds	\$ (72,197)	\$ (56,562)
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.	281,972	280,584
Total net position - governmental activities	\$ 209,775	\$ 224,022

SPECIAL SERVICE AREA #24
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Statements of Activities and Governmental Funds, Revenues,
Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	2017			2016		
	Governmental Funds	Adjustments	Statement of Activities	Governmental Funds	Adjustments	Statement of Activities
REVENUES:						
Property Taxes	\$ 266,416	\$ 1,388	\$ 267,804	\$ 280,190	\$ (1,324)	\$ 278,866
Interest Income	16	-	16	6	-	6
TOTAL REVENUE	266,432	1,388	267,820	280,196	(1,324)	278,872
EXPENSES:						
Services:						
Customer Attraction	83,921	-	83,921	50,390	-	50,390
Public Way Aesthetics	108,106	-	108,106	72,576	-	72,576
Sustainability & Public Places	1,723	-	1,723	1,685	-	1,685
Economic/Business Development	4,850	-	4,850	1,355	-	1,355
Total Services Expense	198,600	-	198,600	126,006	-	126,006
Administration:						
Personnel	46,430	-	46,430	109,988	-	109,988
Admin - nonpersonnel	37,037	-	37,037	47,440	-	47,440
Total Administration Expense	83,467	-	83,467	157,428	-	157,428
TOTAL EXPENSES	282,067	-	282,067	283,434	-	283,434
Excess of expenditures over revenues	(15,635)	15,635		(3,238)	3,238	
Change in Net Position		(14,247)	(14,247)		(4,562)	(4,562)
FUND BALANCE/NET POSITION						
Beginning of the Year	(56,562)	280,584	224,022	(53,324)	281,908	228,584
End of the Year	\$ (72,197)	\$ 281,972	\$ 209,775	\$ (56,562)	\$ 280,584	\$ 224,022

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

Net change in fund balance - governmental funds	\$ (15,635)	\$ (3,238)
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds	1,388	(1,324)
Change in net position	\$ (14,247)	\$ (4,562)

SPECIAL SERVICE AREA #24
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Statements of Revenues and Expenditures - Budget and Actual
For the Years Ended December 31, 2017 and 2016

	2017			2016		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES:						
Property Taxes	\$ 280,925	\$ 272,299	\$ (8,626)	\$ 279,654	\$ 272,751	\$ (6,903)
Interest Income	-	16	16	-	6	6
Fund 900	-	-	-	5,603	-	(5,603)
TIF Rebate	1,466	400	(1,066)	-	-	-
Late Collections	11,168	(6,283)	(17,451)	14,000	7,439	(6,561)
Loss Collection	9,490	-	(9,490)	(11,189)	-	11,189
TOTAL REVENUE	303,049	266,432	(36,617)	288,068	280,196	(7,872)
EXPENSES:						
Customer Attraction	83,509	83,921	412	52,300	50,390	(1,910)
Public Way Aesthetics	120,342	108,106	(12,236)	75,324	72,576	(2,748)
Sustainability & Public Places	966	1,723	757	1,500	1,685	185
Economic/Business Development	4,800	4,850	50	2,062	1,355	(707)
Safety Programs	100	-	(100)	100	-	(100)
SSA Mgt/Admin. Non-Personnel	39,650	37,037	(2,613)	47,851	47,440	(411)
Personnel	54,682	46,430	(8,252)	119,493	109,988	(9,505)
TOTAL EXPENSES	304,049	282,067	(21,982)	298,630	283,434	(15,196)
Excess of Expenses Over Revenues	\$ (1,000)	\$ (15,635)	\$ (14,635)	\$ (10,562)	\$ (3,238)	\$ 7,324

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

SPECIAL SERVICE AREA #24
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016

1. Summary of Significant Accounting Policies

Reporting Entity: Special Service Area #24 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 Clark Street commercial district. The SSA is funded by property taxes 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 #24 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with DevCorp North D/B/A Rogers Park Business Alliance (RPBA) to perform administrative duties as the service provider for this SSA during the reporting period. RPBA is an Illinois not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Government-Wide and Fund Financial Statements: The financial statements of the SSA have been prepared in conformity with the 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 the 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.

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 the related cash flows. Property taxes are recognized as revenues in the year 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 preparation of financial statement 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.

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NOTES TO FINANCIAL STATEMENTS
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Assets, Liabilities, and Net Position:

Cash, Cash equivalents and investments: 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 allowances. As of December 31, 2017 and 2016, the allowance is estimated to be 4% of the outstanding property taxes.

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

Fund Equity/Net Position: Government 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 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 a net resource 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 statement, 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.

2. Cash

The Organization maintains its cash in a bank deposit account, which, at times, may exceed federally insured limits. The Organization had not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk in cash.

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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.

The 2016 Due from City of Chicago of \$1,066 consists of TIF funds earned in 2015 but not yet received.

4. Related Party Transactions

The SSA is affiliated with DevCorp North D/B/A Rogers Park Business Alliance (RPBA), which provides certain administrative services for the SSA.

As of December 31, 2017 and 2016, \$62,054 and \$10,517 was payable for services by RPBA, respectively. The balances 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. The December 31, 2016 balance also included a \$32,000 line of credit provided by RPBA.

In addition, as of December 31, 2017, \$615, \$916, and \$85 was payable to SSA #19, SSA #43, and SSA #54, respectively, for goods or services provided by these SSA's. As of December 31, 2016, \$1,113 and \$64 was payable to SSA #19 and SSA #54, respectively, for goods or services provided by these SSA's.

5. Prior Year Reclassification

For comparability, the prior year's financial statements reflect reclassifications where appropriate to conform to the financial statement presentation used this year.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016

SUMMARY SCHEDULE OF FINDINGS

As part of our audit and request by the Special Service Area Annual Audited Financial Statement Guidelines prepared by the City of Chicago Department of Housing and Economic Development dated June 2013, we have read the requirements contained in the Agreement for Special Service Area #24 between the City of Chicago and DevCorp North D/B/A Rogers Park Business Alliance.

We noted certain expenditures for which actual expenses exceeded budgeted amounts.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no other exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.

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