

**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: **Six Corners SSA 28-2014**

SSA Provider Name: **Six Corners Association**

Submission Date: **May 7, 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>12 / 12 / 2019</u>
	Note: This budget workplan must correspond to Budget Summary page noted above in audit report package.

**required if findings exist*

SPECIAL SERVICE AREA 28-2014
(a taxing district authorized by the City of Chicago)
Managed by Six Corners Association
Financial Statements
December 31, 2019 and 2018

**SPECIAL SERVICE AREA 28-2014
MANAGED BY SIX CORNERS ASSOCIATION
Financial Statements
December 31, 2019 and 2018**

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Independent Auditor's Report

To the Commissioners of
Special Service Area 28-2014
Chicago, Illinois

We have audited the accompanying financial statements of Special Service Area 28-2014 (a taxing district authorized by the City of Chicago) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the SSA 28-2014 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 net position of Special Service Area 28-2014 as of December 31, 2019, and its statement of activities and governmental funds, revenues, expenditures and changes in fund balance 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 schedule of revenues and expenditures - budget and actual on pages 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.

Prior Year Audit Opinion

The financial statements of the organization for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated April 25, 2019.

Eilts & Associates, Inc.

EILTS & ASSOCIATES, INC.
April 23, 2020
Chicago, Illinois

SPECIAL SERVICE AREA 28-2014
Managed by Six Corners Association
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	\$ 61,718	\$ -	\$ 61,718	\$ 10,696	\$ -	\$ 10,696
Property Tax Receivable, net of allowance	299,147	-	299,147	287,540	-	287,540
Due from City of Chicago - TIF Rebates	154,411	-	154,411	144,813	-	144,813
Due from Related Party	-	-	-	3,052	-	3,052
Total Assets	\$ 515,276	\$ -	\$ 515,276	\$ 446,101	\$ -	\$ 446,101
LIABILITIES						
Accrued Expenses	80	-	80	1,044	-	1,044
Due from City of Chicago	3,617	-	3,617	-	-	-
Due to Related Party	17,725	-	17,725	-	-	-
Total Liabilities	21,422	-	21,422	1,044	-	1,044
DEFERRED INFLOWS						
Deferred Property Tax Revenue	299,147	(299,147)	-	287,540	(287,540)	-
Total Deferred Inflows	299,147	(299,147)	-	287,540	(287,540)	-
FUND BALANCE / NET POSITION						
Unassigned	194,707	(194,707)	-	157,517	(157,517)	-
Total Fund Balance	194,707	(194,707)	-	157,517	(157,517)	-
Total Liabilities, Deferred Inflows and Fund Balance	\$ 515,276			\$ 446,101		
Net Position - Unrestricted		\$ (493,854)	\$ 493,854		\$ (445,057)	\$ 445,057

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

Total fund balance - governmental funds	\$ 194,707	\$ 157,517
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.	299,147	287,540
Total net position - governmental activities	\$ 493,854	\$ 445,057

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

SPECIAL SERVICE AREA 28-2014
Managed by Six Corners Association
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 and Interest	\$ 285,224	\$ 11,607	\$ 296,831	\$ 195,231	\$ -	\$ 195,231
TIF Rebates	156,874	-	156,874	144,813	-	144,813
Interest Income	-	-	-	273	-	273
Total Revenues	442,098	11,607	453,705	340,317	-	340,317
EXPENDITURES						
Customer Attraction	97,203	-	97,203	101,856	-	101,856
Public Way Aesthetics	205,607	-	205,607	143,774	-	143,774
Sustainability and Public Places	358	-	358	1,996	-	1,996
Economic Business Development	4,268	-	4,268	8,008	-	8,008
Safety Programs	10,521	-	10,521	21,143	-	21,143
SSA Management	14,432	-	14,432	14,321	-	14,321
Personnel	72,519	-	72,519	75,535	-	75,535
Total Expenditures	404,908	-	404,908	366,633	-	366,633
Excess of Revenues Over Expenditures	37,190	11,607	48,797	(26,316)	-	(26,316)
Change in Net Position	37,190	11,607	48,797	(26,316)	-	(26,316)
Fund Balance/Net Position						
Beginning of the Year	157,517	287,540	445,057	183,833	287,540	471,373
End of the Year	<u>\$ 194,707</u>	<u>\$ 299,147</u>	<u>\$ 493,854</u>	<u>\$ 157,517</u>	<u>\$ 287,540</u>	<u>\$ 445,057</u>
Amounts reported for governmental activities in the statement of activities is different because:						
Net Change in Fund Balance - Governmental Funds			\$ 37,190			\$ (26,316)
Property Tax is recognized in the year it is levied rather than when it is available for Governmental Funds			<u>11,607</u>			<u>-</u>
Change in Net Position			<u>\$ 48,797</u>			<u>\$ (26,316)</u>

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

Special Service Area 28-2014
Managed By Six Corners Association
Notes To The Financial Statements
For The Years Ended December 31, 2019 AND 2018

NOTE 1 – Nature of Activities and Reporting Entity

Special Service Area 28-2014 (SSA) provides services on behalf the City of Chicago (City) within a specified geographic area. These services include promotional and advertising, maintenance of the public way, safety, and other functions. The SSA is exempt from federal income tax under Section 501c (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.

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.

Special Service Area 28-2014
Managed By Six Corners Association
Notes To The Financial Statements
For The Years Ended December 31, 2019 AND 2018

NOTE 2 – Summary of Significant Accounting Policies

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.

c. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

The SSA 28-2014'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, 2019, and 2018, the allowance is estimated to be 1-4% of the outstanding property taxes.

d. Subsequent Events

Subsequent events have been evaluated through April 23, 2020 which is the date the financial statements were available to be issued.

**Special Service Area 28-2014
Managed By Six Corners Association
Notes To The Financial Statements
For The Years Ended December 31, 2019 AND 2018**

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

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 28-2014's 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.

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.

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, 2019 and 2018.

**Special Service Area 28-2014
Managed By Six Corners Association
Notes To The Financial Statements
For The Years Ended December 31, 2019 AND 2018**

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

At December 31, 2019, Due to the City of Chicago was \$3,617, which consisted of property taxes refunds determined in 2019 for 2018 and prior years. Due from City of Chicago at December 31, 2019 and 2018 consists of TIF Rebate Funds of \$154,411 and \$144,813, respectively.

NOTE 5 – Deferred Inflows of 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.

NOTE 6 – 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 28-2014 between the City of Chicago and Six Corners Association. As of December 31, 2019, and 2018, the SSA had total fund balances of \$194,707 and \$157,517, respectively. These funds will be utilized in this special service area during future years.

**Special Service Area 28-2014
Managed By Six Corners Association
Notes To The Financial Statements
For The Years Ended December 31, 2019 AND 2018**

NOTE 7 – Related Party Transactions

The SSA is affiliated with Six Corners Association as its sole service provider. Special service area 28-2014 shares office space, equipment, and employees through this affiliation. Special Service Area 28-2014 has no employees of their own, but reimburses Six Corners Association for payroll and related costs of the individuals working on the programs. It also reimburses Six Corners Association for a portion of its operating expenses, and allocation of rent and related. As of December 31, 2019, and 2018, \$17,725 was due to Six Corners Association and (\$3,052) was due from Six Corners Association, respectively.

Supplementary Information

Special Service Area 28-2014
Managed by Six Corners Association
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property Taxes and Interest	\$ 299,521	\$ 295,091	\$ 4,430
TIF Rebate	147,276	156,874	(9,598)
Loss Collection	6,873	(9,867)	16,740
	<u>453,670</u>	<u>442,098</u>	<u>11,572</u>
EXPENDITURES			
Customer Attraction	112,311	97,203	15,108
Public Way Aesthetics	281,349	205,607	75,742
Sustainability and Public Places	2,000	358	1,642
Economic Business Development	14,500	4,268	10,232
Safety Programs	12,000	10,521	1,479
SSA Management	14,900	14,432	468
Personnel	74,810	72,519	2,291
	<u>511,870</u>	<u>404,908</u>	<u>106,962</u>
	<u>\$ (58,200)</u>	<u>\$ 37,190</u>	<u>\$ (95,390)</u>
CARRYOVER	<u>58,200</u>	<u>-</u>	<u>58,200</u>
Net Revenues In Excess of Expenses	<u>\$ -</u>	<u>\$ 37,190</u>	<u>\$ (37,190)</u>

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

**Special Service Area 28-2014
 Managed by Six Corners Association
 Schedule of Revenues and
 Expenditures - Budget and Actual
 December 31, 2018**

	Budget	Actual	Variance
REVENUE			
Property Taxes and Interest	\$ 299,521	\$ 297,478	\$ 2,043
TIF Rebate	23,233	40,439	(17,206)
Loss Collection	-	2,127	(2,127)
Bank Interest Income	-	273	(273)
	322,754	340,317	(17,563)
EXPENDITURES			
Customer Attraction	102,921	101,856	1,065
Public Way Aesthetics	143,891	143,774	117
Sustainability and Public Places	2,000	1,996	4
Economic Business Development	8,009	8,008	1
Safety Programs	22,000	21,143	857
SSA Management	14,900	14,321	579
Personnel	74,810	75,535	(725)
	368,531	366,633	1,898
	\$ (45,777)	\$ (26,316)	\$ (19,461)
CARRYOVER	45,777	-	45,777
Net Revenues In Excess of Expenses	\$ -	\$ (26,316)	\$ 26,316

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

**Special Service Area 28-2014
Managed By Six Corners Association
Summary Schedule Of Audit Findings
For The Year Ended December 31, 2019**

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.

The auditor's report expresses an unmodified opinion on the financial statements of Special Service Area 28-2014. No significant deficiencies or material weaknesses were disclosed during the 2019 audit of the financial statements.

CURRENT YEAR FINDINGS:

None found

UPDATE ON PRIOR YEAR FINDINGS:

1. SSA 28-2014 participated in loan activity as an amount Due from Provider was reported, indicating loans of SSA funds to the Provider for non-SSA purposes, which is not allowable. SSA 28-2014 did not participate in loan activity as an amount Due from Provider during 2019.

2. Total actual expenditures exceeded budgeted amounts during 2018. The corrective action plan was for Six Corners Association to carefully monitor expenditures and request a budget modification or revision if it is determined necessary. SSA 28-2014 total actual expenditures did not exceed budgeted amounts during 2019.

Special Service Area 28-2014
Managed By Six Corners Association
For The Year Ended December 31, 2019



**Special Service Area 28-2014
Managed By Six Corners Association
For The Year Ended December 31, 2019**

2019
modified
Budget

meeting
12-12-19

**Exhibit A
Budget**

Special Service Area # 28-2014	
Service Provider Agency:	Six Corners Association

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 2018 Budget
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$99,311	\$0	\$13,000	\$0	\$0	\$112,311
2.00 Public Way Aesthetics	\$81,127	\$6,873	\$39,200	\$147,276	\$6,873	\$281,349
3.00 Sustainability and Public Places	\$2,000	\$0	\$0	\$0	\$0	\$2,000
4.00 Economic/Business Development	\$14,500	\$0	\$0	\$0	\$0	\$14,500
5.00 Safety Programs	\$6,000	\$0	\$6,000	\$0	\$0	\$12,000
6.00 SSA Management	\$14,900	\$0	\$0	\$0	\$0	\$14,900
7.00 Personnel	\$74,810	\$0		\$0	\$0	\$74,810
	Sub-total	\$292,648	\$6,873			
GRAND TOTALS	Levy Total	\$299,521	\$58,200	\$147,276	\$6,873	\$511,870

LEVY ANALYSIS	
Estimated 2018 EAV:	\$43,405,456
Authorized Tax Rate Cap:	0.750%

3