

**Special Service Area 73**  
**(a taxing district authorized by the City of Chicago)**  
**Managed by Chicago Chinatown Chamber of Commerce**

**Financial Statements**  
**December 31, 2018**

**Special Service Area 73**  
**Managed by Chicago Chinatown Chamber of Commerce**  
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**December 31, 2018**

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## Independent Auditor's Report

To the Commissioners of  
Special Service Area 73  
Managed by Chicago Chinatown Chamber of Commerce

We have audited the accompanying financial statements of Special Service Area 73, (a taxing district authorized by the City of Chicago) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the SSA 73 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 73 as of December 31, 2018, and its statement of activities and governmental fund/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 page 10, 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 23, 2019

**Special Service Area 73**  
**Managed by Chicago Chinatown Chamber of Commerce**  
**Statement of Net Position and**  
**Governmental Fund Balance Sheet**  
**December 31, 2018**

	Governmental Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 28,957	\$ -	\$ 28,957
Property tax receivable, net allowance for uncollectable taxes of \$718	88,650	-	88,650
Prepaid expenses	9,500	-	9,500
<b>Total Assets</b>	<b><u>\$ 127,107</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 127,107</u></b>
<b>DEFERRED INFLOWS</b>			
Deferred property tax revenue	88,650	(88,650)	-
<b>Total Deferred Inflows</b>	<b>88,650</b>	<b>(88,650)</b>	<b>-</b>
<b>FUND BALANCE / NET POSITION</b>			
Unassigned	38,457	(38,457)	-
<b>Total Fund Balance</b>	<b><u>38,457</u></b>	<b><u>(38,457)</u></b>	<b><u>-</u></b>
<b>Total Deferred Inflows and Fund Balance</b>	<b><u>\$ 127,107</u></b>		
<b>Net Position - Unrestricted</b>		<b><u>\$ (127,107)</u></b>	<b><u>\$ 127,107</u></b>

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

Total fund balance - governmental funds	\$ 38,457
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.	<u>88,650</u>
<b>Total net position - governmental activities</b>	<b><u>\$ 127,107</u></b>

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

**Special Service Area 73**  
**Managed by Chicago Chinatown Chamber of Commerce**  
**Statement of Activities and Governmental Fund,**  
**Revenues, Expenditures**  
**and Changes in Fund Balances**  
**December 31, 2018**

	Governmental Fund	Adjustments	Statement of Activities
<b>REVENUES</b>			
Property taxes - net of allowance	\$ 92,973	\$ -	\$ 92,973
Interest	6	-	6
<b>Total Revenues</b>	<b>92,979</b>	<b>-</b>	<b>92,979</b>
<b>EXPENDITURES</b>			
Customer attraction	3,692	-	3,692
Public way aesthetics	32,135	-	32,135
SSA management	145	-	145
Personnel	18,550	-	18,550
<b>Total Expenditures</b>	<b>54,522</b>	<b>-</b>	<b>54,522</b>
Excess of Revenues over Expenditures	38,457	-	38,457
Change in Net Position	38,457	-	38,457
Fund Balance/Net Position			
Beginning of the Year	-	-	-
End of the Year	<u>\$ 38,457</u>	<u>\$ -</u>	<u>\$ 38,457</u>

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

Net change in Fund balance - governmental funds	\$ 38,457
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	-
Change in Net Position	<u>\$ 38,457</u>

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

**Special Service Area 73**  
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**Managed by Chicago Chinatown Chamber of Commerce**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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NOTE 1 – Nature of Activities and Reporting Entity

Special Service Area 73 (“SSA 73”) is a taxing district authorized by City of Chicago located in Chicago, Illinois. Its scope of services is to fund various activities to support the economic well-being and tourism appeal of the district through programs, services and promotional events. The Chinatown SSA makes Chicago’s Chinatown a welcoming destination for visitors, residents, and businesses alike. 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. SSA 73 was established as of January 1, 2018.

Special Service Area 73 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with the Chicago Chinatown Chamber of Commerce to perform administrative duties as the service provider for this SSA during the reporting period. Chicago Chinatown Chamber of Commerce is an Illinois not-for-profit corporation, exempt from federal taxes under Section 501c(6) of the Internal Revenue Code.

Special Service Area 73 is roughly bounded by LaSalle Street from 24<sup>th</sup> place north to Cullerton Street, and Cullerton Street east to LaSalle Street to west to Stewart Avenue. Special Services authorized in Establishment Ordinance include but are not limited to: public way maintenance and beautification; district marketing and advertising; business retention/attraction, special events and promotional activities; auto and bike transit; security; façade improvements; and other commercial and economic development initiatives.

NOTE 2 – Summary of Significant Accounting Policies

a. Government-Wide and Fund Financial Statements

The financial statements of SSA 73 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

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**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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

accepted accounting principals). 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.

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 government 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 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 reporting period. Accordingly, actual results could differ from those estimates.



**Special Service Area 73**  
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**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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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 cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisitions.

Receivables

All property tax receivables are shown net of allowances. As of December 31, 2018, the allowance is estimated to be approximately 1% of the outstanding property taxes.

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 the resolutions. Assigned fund balance is a limitation imposed by a designee of the SSA 73 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.

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**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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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 23, 2019, 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 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., of which 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, 2018.

NOTE 4 – 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 SSA 73.

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NOTE 5 – Deferred Inflows of Revenue

A deferred inflow of 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 revenue until that future time.

NOTE 6 – Related Party Transactions

SSA 73 is affiliated with Chicago Chinatown Chamber of Commerce, which provides certain administrative services of the SSA. As of December 31, 2018, there was not a balance in payable for administrative services provided. If there had been a balance in payable, it would have resulted from the time lag that 1) goods and services were provided or reimbursable expenditures occur, 2) transactions were recorded in the accounting system and 3) payments were being made. SSA 73 has no employees of their own, but reimburses Chicago Chinatown Chamber of Commerce for shared payroll and related costs, as well as a portion of its shared operating expenses.

## **Supplementary Information**

**Special Service Area 73**  
**Managed by Chicago Chinatown Chamber of Commerce**  
**Schedule of Revenues and**  
**Expenditures - Budget and Actual**  
**December 31, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUE</b>			
Property revenues and interest - current year	\$ 93,605	\$ 92,979	\$ 626
Total revenues	93,605	92,979	626
<b>EXPENDITURES</b>			
Customer attraction	22,955	3,692	19,263
Public way aesthetics	44,300	32,135	12,165
SSA management	7,800	145	7,655
Personnel	18,550	18,550	-
Total expenditures	93,605	54,522	39,083
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 38,457</u>	<u>\$ (38,457)</u>
<b>CARRYOVER</b>			
	-	-	-
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 38,457</u>	<u>\$ (38,457)</u>

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

**Special Service Area 73**  
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**Summary Schedule of Findings**  
**For the Year Ended December 31, 2018**

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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 Planning and Development issued in 2018, we have read and understand the requirements contained in the Agreement for Special Service Area 73 between the City of Chicago and Chicago Chinatown Chamber of Commerce.

Our auditor's report expresses an unmodified opinion on the financial statements of Special Service Area 73 for the year ended December 31, 2018. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.

After conducting the audit, we determined that one exception was noted.

**FINDING:**

State of Illinois Statue limits the carryover of unspent funds into the following year to 25% of the previous year's budget. SSA 73 will be carrying over 41% of the year 2018 budget into 2019, resulting in a finding. 2018 was SSA73's initial year, and funds were not received until September 2018, lateness of receipt of funds hindered the SSA spending plan.

**CORRECTIVE ACTION PLAN :**

SSA73 2019 budget includes spending of 60% of the actual 2018 carryover. This 2019 budget/spending plan will resolve the above 2018 finding.

# 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](http://www.idfpr.com)

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