

City of Chicago Department of Planning and Development

Special Service Area (SSA) Program

Audit Report Package Transmittal Checklist

This checklist must be completed and submitted with audit report package to City's Department of Planning and Development (DPD) via DPD's SharePoint platform. Note: Effective with 2019 audit report package submissions e-mail submissions are not an acceptable form of transmittal and report packages will be deemed "not submitted" unless they are uploaded into CPD's SharePoint platform. For each SSA submission enter the starting page number for each of the PDF audit report package components listed below. Each required component on the checklist must have a numeric page number, unless otherwise noted.

SSA Name and number: **71st St./ Stony Island SSA42**

SSA Provider Name: **South Shore Chamber of Commerce**

Submission Date: **May 3, 2021**

Starting PDF Page Number	Audit Report Package Components
	Comparative Financial Statements
6	1. Statement of Net Position and Governmental Fund Balance Sheet – Current Year
6	2. Statement of Net Position and Governmental Fund Balance Sheet – Prior Year
7	3. Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance – Current Year
7	4. Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance – Prior Year
14-15	5. Statement of Revenues and Expenditures – Budget and Actual
4-5	Auditor's Opinion on Financial Statements
16	Schedule of Findings – Current and Prior Year, if applicable
16	Corrective Action Plan – Current and Prior Year, if applicable (if findings)*
17	Audit Firm CPA License
18	SSA Budget Summary page for the latest modified/amended budget approved by your SSA commission (for current audit period)
Separate PDF file attached – Yes/No	SSA Detailed SSA Commission Approved Budget
	Note: SSA Service Provider must submit detailed budget corresponding to Summary page, noted above, with audit report package.

**required if findings exist*

**SPECIAL SERVICE AREA 42
MANAGED BY SOUTH SHORE CHAMBER OF COMMERCE**

(a taxing district authorized by the City of Chicago)

**FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

**Special Service Area 42
Managed by South Shore Chamber of Commerce**

**Table of Contents
December 31, 2020 and 2019**

	<u>Page Number</u>
Independent Auditor's Report	1-2
Statements of Net Position and Governmental Fund Balance Sheets	3
Statements of Activities and Governmental Funds, Revenues, Expenditures and Changes in Fund Balances	4
Notes to the Financial Statements	5-9
<u>Supplementary Information:</u>	
Schedule of Revenue and Expenditures - Budget vs. Actual 2020	10
Schedule of Revenue and Expenditures - Budget vs. Actual 2019	11
Schedule of Audit Findings	12
State of Illinois Professional CPA License	13
SSA Budget Summary Page Used	14

Independent Auditor's Report

To the Commissioners of
Special Service Area 42
Managed by South Shore Chamber of Commerce

We have audited the accompanying financial statements of Special Service Area 42, (a taxing district authorized by the City of Chicago) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the SSA 42 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Special Service Area 42 as of December 31, 2020, 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 schedules of revenues and expenditures - budget and actual on page 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, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated May 12, 2020.

Eilts & Associates, Inc.

EILTS & ASSOCIATES, INC.
Chicago, Illinois
April 29, 2021

Special Service Area 42
Managed by South Shore Chamber of Commerce
Statements of Net Position and Governmental Fund Balance Sheets
December 31, 2020 and December 31, 2019

	2020			2019		
	Governmental Fund	Adjustments	Statement of Net position	Governmental Fund	Adjustments	Statement of Net position
ASSETS						
Cash and Cash Equivalents	\$ 172,349	\$ -	\$ 172,349	\$ 151,789	\$ -	\$ 151,789
Property Tax Receivable, Net of Allowance	601,211	-	601,211	615,736	-	615,736
Prepaid expenses	14,955	-	14,955	14,595	-	14,595
Total Assets	\$ 788,515	\$ -	\$ 788,515	\$ 782,120	\$ -	\$ 782,120
LIABILITIES						
Accounts Payable and Accrued expenses	17,688	-	17,688	21,975	-	21,975
Total Liabilities	17,688	-	17,688	21,975	-	21,975
DEFERRED INFLOWS						
Deferred Property Tax Revenue	601,211	(601,211)	-	615,736	(615,736)	-
Total Deferred Inflows	601,211	(601,211)	-	615,736	(615,736)	-
FUND BALANCE / NET POSITION						
Unassigned	169,616	(169,616)	-	144,409	(144,409)	-
Total Fund Balance	169,616	(169,616)	-	144,409	(144,409)	-
Total Liabilities, Deferred Inflows and Fund Balance	\$ 788,515			\$ 782,120		
Net Position - Unrestricted		\$ (770,827)	\$ 770,827		\$ (760,145)	\$ 760,145
Amounts reported for government activities in the statement of net position are different because:						
Total fund balance - governmental funds			\$ 169,616			\$ 144,409
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.			601,211			615,736
Total net position - governmental activities			\$ 770,827			\$ 760,145

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

Special Service Area 42
Managed by South Shore Chamber of Commerce
Statements of Activities and Governmenta Fund,
Revenues, Expenditures and Changes in Fund Balance
For the Years Ended December 31, 2020 and December 31, 2019

	2020			2019		
	Governmental Fund	Adjustments	Statement of Activities	Governmental Fund	Adjustments	Statement of Activities
REVENUES						
Property Revenues and Interest	\$ 549,487	\$ (14,525)	\$ 534,962	\$ 591,081	\$ (43,446)	\$ 547,635
Total Revenues	549,487	(14,525)	534,962	591,081	(43,446)	547,635
EXPENDITURES/EXPENSES						
Customer Attraction	23,041	-	23,041	165,627	-	165,627
Public Way Aesthetics	118,152	-	118,152	137,636	-	137,636
Economic/Business Development	80,000	-	80,000	-	-	-
Safety Programs	135,707	-	135,707	155,516	-	155,516
Total Services Expense	356,900	-	356,900	458,779	-	458,779
SSA Management	23,250	-	23,250	23,350	-	23,350
Personnel	144,130	-	144,130	142,927	-	142,927
Total Administration Expense	167,380	-	167,380	166,277	-	166,277
Total Expenditures	524,280	-	524,280	625,056	-	625,056
Excess(Deficit) of Revenues Over/(Under) Expenditures	25,207	(14,525)	10,682	(33,975)	(43,446)	(77,421)
Change in Net Position	25,207	(14,525)	10,682	(33,975)	(43,446)	(77,421)
Fund Balance/Net Position						
Beginning of the Year	144,409	615,736	760,145	178,384	659,182	837,566
End of the Year	\$ 169,616	\$ 601,211	\$ 770,827	\$ 144,409	\$ 615,736	\$ 760,145

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

Net Change in Fund Balance - Governmental Funds	\$ 25,207	\$ (33,975)
Property Tax is recognized in the year it is levied rather than when it is available for Governmental Funds	(14,525)	(43,446)
Change in Net Position	\$ 10,682	\$ (77,421)

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

Special Service Area 42
(a taxing district authorized by the City of Chicago)
Managed by South Shore Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 1 – Nature of Activities and Reporting Entity

Special Service Area 42 is a taxing district authorized by the City of Chicago located in Chicago, Illinois. Its scope of services is to fund activities to improve and enhance the 71st & Stony 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 to the SSA via the City of Chicago.

Special Service Area 42 is governed by a Commission whose members are appointed by the mayor of Chicago. The City of Chicago contracted with South Shore Chamber of Commerce to perform administrative duties as the service provider for this SSA during the reporting period. South Shore Chamber of Commerce is an Illinois not-for-profit corporation that is exempt from federal income tax under Section 501(C)(6) of the internal revenue code.

NOTE 2 – Summary of Significant Accounting Policies

a. Government-Wide and Fund Financial Statements

The financial statements of the SSA 42 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 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.

The government-wide and fund financial statements report information on all the activities of the Special Service Area. Governmental activities include those items funded by the tax levies. The SSA accounts for its activities in one 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 42
(a taxing district authorized by the City of Chicago)
Managed by South Shore Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

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

b. Measurement Focus, Basis of Accounting and Financial Statement Presentation
– (Continued)

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 presentation of financial statements 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.

c. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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.

Special Service Area 42
(a taxing district authorized by the City of Chicago)
Managed by South Shore Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

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

d. Subsequent Events

Subsequent events have been evaluated through April 29, 2021, which is the date the financial statements were available to be issued.

NOTE 3 – Cash and Cash Equivalents

SSA 42 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 periodically exceed this insurance level during the years December 31, 2020 and 2019.

NOTE 4 – Prepaid expenses

Represents expenses paid during the fiscal year that will be used in the next fiscal year. At December 31, 2020 and 2019, the amount reported as prepaid was \$14,955 and \$14,595, respectively, this is the January 2021 and 2020 management fee paid to the Contractor in December 2020 and 2019.

NOTE 5 – Property Taxes Receivable

Property tax receivables as of December 31, 2020, and 2019, in the amounts of \$601,211 and \$615,736, respectively, for both years are presented net of an allowance for uncollectible taxes of December 31, 2020, and 2019, in the amount of \$36,719 and \$22,000, respectively.

NOTE 6 – Property Taxes

Property taxes become an enforceable lien on real property on January 1st of the year it is levied. Taxes are payable in two installments in the subsequent year. The first installment is an estimated based on the prior year billed levy (55%) and is due in March. The second installment is due on August 1st or 30 Days from the mailing of the tax bills if issued later than July 1st. The second installment is based on the remaining amount of the levy on file with Cook County. Bills are issued and collected by Cook County who remits the Commission's share to the City of Chicago who then remits the monies to the Commission.

Special Service Area 42
(a taxing district authorized by the City of Chicago)
Managed by South Shore Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 7 – Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses balance at December 31, 2020 and 2019, is \$17,688 and \$21,975, respectively. These balances consist of expenses and services received during the respective year paid in the subsequent year.

NOTE 8 – 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 9 – 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 42 between the City of Chicago and South Shore Chamber of Commerce. As of December 31, 2020, and 2019, the SSA had total fund balances of \$169,616 and \$144,409, respectively. These funds will be utilized in this special service area during future years.

NOTE 10 – Related Party Transactions

SSA 42 is affiliated with South Shore Chamber of Commerce. South Shore Chamber of Commerce acts as SSA42 service provider, and shares office space, equipment, and employees through the above affiliations. SSA 42 does not have employees of its own, but reimburses South Shore Chamber of Commerce for a portion of its operating expenses. SSA 42 reimbursed South Shore Chamber of Commerce \$152,785 and \$180,872, for shared expenses during the years ending December 31, 2020 and 2019, respectively.

NOTE 11 – Risks and Uncertainties

In January 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the SSA, COVID-19 may impact various parts of its 2021 operations and financial results, including potential reduction in collection of property tax levies.

Special Service Area 42
(a taxing district authorized by the City of Chicago)
Managed by South Shore Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 11 – Risks and Uncertainties – (Continued)

Management believes the SSA is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 outbreak continues to evolve as of the date the SSA's financial statements were issued. Given the uncertainty related to the pandemic, the SSA is not able to estimate the effects of the COVID-19 outbreak on its operations, financial condition and liquidity for the year ended December 31, 2021.

Supplementary Information

Special Service Area 42
Managed by South Shore Chamber of Commerce
Schedule of Revenues and Expenditures - Budget and Actual
December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property Taxes and Interest	\$ 693,005	\$ 549,487	\$ 143,518
Total Revenues	693,005	549,487	143,518
EXPENDITURES			
Customer Attraction	40,487	23,041	17,446
Public Way Aesthetics	256,368	118,152	138,216
Economic Business Development	131,895	80,000	51,895
Safety Programs	178,753	135,707	43,046
SSA Management	23,250	23,250	-
Personnel	151,893	144,130	7,763
Total Expenditures	782,646	524,280	258,366
Excess(Deficit) of Revenues Over/(Under) Expenditures	<u>\$ (89,641)</u>	<u>\$ 25,207</u>	<u>\$ (114,848)</u>
CARRYOVER	<u>89,641</u>	<u>-</u>	<u>89,641</u>
Net Revenues In Excess of Expenses	<u>\$ -</u>	<u>\$ 25,207</u>	<u>\$ (25,207)</u>

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

Special Service Area 42
Managed by South Shore Chamber of Commerce
Statement of Revenues and Expenditures - Budget and Actual
December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property Taxes and Interest	\$ 615,721	\$ 590,927	\$ 24,794
Bank Interest	-	154	(154)
	<u>615,721</u>	<u>591,081</u>	<u>24,640</u>
EXPENDITURES			
Customer Attraction	173,430	165,627	7,803
Public Way Aesthetics	233,859	137,636	96,223
Economic Business Development	23,753	-	23,753
Safety Programs	159,199	155,516	3,683
SSA Management	23,350	23,350	-
Personnel	162,778	142,927	19,851
	<u>776,369</u>	<u>625,056</u>	<u>151,313</u>
Excess(Deficit) of Revenues Over/(Under) Expenditures	<u>\$ (160,648)</u>	<u>\$ (33,975)</u>	<u>\$ (126,673)</u>
CARRYOVER	<u>160,648</u>	<u>-</u>	<u>160,648</u>
Net Revenues In Excess of Expenses	<u>\$ -</u>	<u>\$ (33,975)</u>	<u>\$ 33,975</u>

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

Special Service Area 42
(a taxing district authorized by the City of Chicago)
Managed by South Shore Chamber of Commerce
Summary Schedule of Findings
For the Year Ended December 31, 2020

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 Service Provider Agreement. After conducting this audit, we determined there was not any findings.

CURRENT YEAR FINDINGS:

- No findings.

PRIOR YEAR FINDINGS:

- No findings.

Special Service Area 42
(a taxing district authorized by the City of Chicago)
Managed by South Shore Chamber of Commerce
License
For the Year Ended December 31, 2020



Special Service Area 42
(a taxing district authorized by the City of Chicago)
Managed by South Shore Chamber of Commerce
Budget
For the Year Ended December 31, 2020

Exhibit A
Budget

Special Service Area # 42	
SSA Name:	71st / Stony Island

2020 BUDGET SUMMARY

Budget and Services Period: January 1, 2020 through December 31, 2020

CATEGORY	2019 Levy		Carryover Funds	TIF Rebate Fund #A19	Estimated Late Collections and Interest	Total All Sources
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$25,250	\$0	\$15,237	\$0	\$0	\$40,487
2.00 Public Way Aesthetics	\$162,600	\$47,506	\$46,262	\$0	\$0	\$256,368
3.00 Sustainability and Public Places	\$0	\$0	\$0	\$0	\$0	\$0
4.00 Economic/ Business Development	\$80,000	\$0	\$28,142	\$0	\$23,753	\$131,895
5.00 Safety Programs	\$155,000	\$0	\$0	\$0	\$23,753	\$178,753
6.00 SSA Management	\$23,250	\$0	\$0	\$0	\$0	\$23,250
7.00 Personnel	\$151,893	\$0	\$0	\$0	\$0	\$151,893
Sub-total	\$597,993	\$47,506	\$89,641	\$0	\$47,506	\$782,646
GRAND TOTALS	Levy Total	\$645,499	\$89,641	\$0	\$47,506	\$782,646

LEVY ANALYSIS	
Estimated 2019 EAV:	\$38,199,934
Authorized Tax Rate Cap:	2.000%
Maximum Potential Levy limited by Rate Cap:	\$763,999
Requested 2019 Levy Amount:	\$645,499
Estimated Tax Rate to Generate 2018 Levy:	1.6898%

LEVY CHANGE FROM PREVIOUS YEAR	
2018 Levy Total (in 2019 budget)	\$615,721
2019 Levy Total (in 2020 budget)	\$645,499
Percentage Change	4.84%
Community meeting required if levy amount increases greater than 5% from previous levy.	

CARRYOVER CALCULATION	
2019 Budget Total	\$663,227
2020 Carryover	\$89,641
Percentage	13.516%
Must be less than 25%	