

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 2, 2022**

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
13-14	5. Statement of Revenues and Expenditures – Budget and Actual
4-5	Auditor's Opinion on Financial Statements
15	Schedule of Findings – Current and Prior Year, if applicable
15	Corrective Action Plan – Current and Prior Year, if applicable (if findings)*
16	Audit Firm CPA License
17	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, 2021 AND 2020**

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

Table of Contents

	<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	5-8
<u>Supplementary Information:</u>	
Schedule of Revenue and Expenditures - Budget vs. Actual 2021	9
Schedule of Revenue and Expenditures - Budget vs. Actual 2020	10
Schedule of Audit Findings	11
State of Illinois Professional CPA License	12
SSA Budget Summary Page Used	13

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Special Service Area 42, ("SSA42-2015") (a taxing district authorized by the City of Chicago) which comprise the SSA42 basic financial statements as listed in the table of contents as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SSA42 as of December 31, 2021 and 2020, and the changes in its fund balance/net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SSA42 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SSA42's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SSA42's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SSA42's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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.

EILTS & ASSOCIATES, INC.

Eilts & Associates, Inc.

Chicago, Illinois
April 29, 2022

Special Service Area 42
Managed by South Shore Chamber of Commerce
Statements of Net Position and Governmental Fund Balance Sheets
December 31, 2021 and 2020

	2021			2020		
	Governmental Fund	Adjustments	Statement of Net Position	Governmental Fund	Adjustments	Statement of Net Position
ASSETS						
Cash and Cash Equivalents	\$ 249,099	\$ -	\$ 249,099	\$ 172,349	\$ -	\$ 172,349
Property Tax Receivable, Net of Allowance	621,030	-	621,030	601,211	-	601,211
Prepaid expenses	5,291	-	5,291	14,955	-	14,955
Total Assets	<u>\$ 875,420</u>	<u>\$ -</u>	<u>\$ 875,420</u>	<u>\$ 788,515</u>	<u>\$ -</u>	<u>\$ 788,515</u>
LIABILITIES						
Accounts Payable	38,548	-	38,548	17,688	-	17,688
Due to South Shore Chamber	14,955	-	14,955	-	-	-
Total Liabilities	53,503	-	53,503	17,688	-	17,688
DEFERRED INFLOWS						
Deferred Property Tax Revenue	621,030	(621,030)	-	601,211	(601,211)	-
Total Deferred Inflows	621,030	(621,030)	-	601,211	(601,211)	-
FUND BALANCE / NET POSITION						
Unassigned	200,887	(200,887)	-	169,616	(169,616)	-
Total Fund Balance	<u>200,887</u>	<u>(200,887)</u>	<u>-</u>	<u>169,616</u>	<u>(169,616)</u>	<u>-</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 875,420</u>			<u>\$ 788,515</u>		
Net Position - Unrestricted		<u>\$ (821,917)</u>	<u>\$ 821,917</u>		<u>\$ (770,827)</u>	<u>\$ 770,827</u>

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

Total fund balance - governmental funds	\$ 200,887	\$ 169,616
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>621,030</u>	<u>601,211</u>
Total net position - governmental activities	<u>\$ 821,917</u>	<u>\$ 770,827</u>

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 Governmental Fund,
Revenues, Expenditures and Changes in Fund Balance
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Governmental Fund	Adjustments	Statement of Activities	Governmental Fund	Adjustments	Statement of Activities
REVENUES						
Property Revenues and Interest	\$ 602,705	\$ 19,819	\$ 622,524	\$ 549,487	\$ (14,525)	\$ 534,962
Total Revenues	602,705	19,819	622,524	549,487	(14,525)	534,962
EXPENDITURES/EXPENSES						
Customer Attraction	61,332	-	61,332	23,041	-	23,041
Public Way Aesthetics	181,172	-	181,172	118,152	-	118,152
Economic/Business Development	32,489	-	32,489	80,000	-	80,000
Public Health and Safety Programs	116,980	-	116,980	135,707	-	135,707
Total Services Expense	391,973	-	391,973	356,900	-	356,900
SSA Management	26,250	-	26,250	23,250	-	23,250
Personnel	153,211	-	153,211	144,130	-	144,130
Total Administration Expense	179,461	-	179,461	167,380	-	167,380
Total Expenditures	571,434	-	571,434	524,280	-	524,280
Excess(Deficit) of Revenues Over/(Under) Expenditures	31,271	19,819	51,090	25,207	(14,525)	10,682
Change in Net Position	31,271	19,819	51,090	25,207	(14,525)	10,682
Fund Balance/Net Position						
Beginning of the Year	169,616	601,211	770,827	144,409	615,736	760,145
End of the Year	\$ 200,887	\$ 621,030	\$ 821,917	\$ 169,616	\$ 601,211	\$ 770,827

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

Net Change in Fund Balance - Governmental Funds	\$ 31,271	\$ 25,207
Property Tax is recognized in the year it is levied rather than when it is available for Governmental Funds	19,819	(14,525)
Change in Net Position	\$ 51,090	\$ 10,682

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
December 31, 2021 and 2020

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.

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

Special Service Area 42
(a taxing district authorized by the City of Chicago)
Managed by South Shore Chamber of Commerce
Notes to Financial Statements
December 31, 2021 and 2020

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

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

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.

d. Subsequent Events

Subsequent events have been evaluated through April 29, 2022, 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, 2021 and 2020.

Special Service Area 42
(a taxing district authorized by the City of Chicago)
Managed by South Shore Chamber of Commerce
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 4 – Prepaid expenses

Represents expenses paid during the fiscal year that will be used in the next fiscal year. At December 31, 2021 and 2020, the amount reported as prepaid was \$5,291 and \$14,955, respectively, for storage rent and management fees paid for the subsequent year.

NOTE 5 – Property Taxes Receivable

Property tax receivables as of December 31, 2021, and 2020, in the amounts of \$621,030 and \$601,211, respectively, for both years are presented net of an allowance for uncollectible taxes of December 31, 2021, and 2020, in the amount of \$36,719 and \$36,719, 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.

NOTE 7 – Accounts Payable

Accounts payable and accrued expenses balance at December 31, 2021 and 2020, is \$38,548 and \$17,688, 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.

Special Service Area 42
(a taxing district authorized by the City of Chicago)
Managed by South Shore Chamber of Commerce
Notes to Financial Statements
December 31, 2021 and 2020

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, 2021, and 2020, the SSA had total carryover fund balances of \$200,887 and \$169,616, respectively. These funds will be utilized in this special service area during future years.

NOTE 10 – Related Party Transactions and Due to South Shore Chamber

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 \$179,461 and \$152,785, for shared expenses during the years ending December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, amounts due to South Shore Chamber are \$14,955 and \$0, respectively.

NOTE 11 – Risks and Uncertainties

COVID-19, a worldwide pandemic, has continued to present significant effects on global markets, supply chains, businesses, and communities. Specific to the SSA, COVID-19 may impact various parts of its 2022 operations and financial results, including potential reduction and delays in the collectability of property tax levies.

Management believes the SSA is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 outbreak continues 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, 2022.

Supplementary Information

Special Service Area 42
Managed by South Shore Chamber of Commerce
Schedule of Revenues and Expenditures - Budget and Actual
December 31, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property Taxes and Interest	\$ 667,990	\$ 602,705	\$ 65,285
Total Revenues	667,990	602,705	65,285
EXPENDITURES			
Customer Attraction	96,722	61,332	35,390
Public Way Aesthetics	295,368	181,172	114,196
Economic Business Development	61,885	32,489	29,396
Public Health and Safety Programs	146,360	116,980	29,380
SSA Management	26,250	26,250	-
Personnel	153,211	153,211	-
Total Expenditures	779,796	571,434	208,362
Excess(Deficit) of Revenues Over/(Under) Expenditures	<u>\$ (111,806)</u>	<u>\$ 31,271</u>	<u>\$ (143,077)</u>
CARRYOVER	<u>111,806</u>	<u>-</u>	<u>111,806</u>
Net Revenues In Excess (Deficit) of Expenses	<u>\$ -</u>	<u>\$ 31,271</u>	<u>\$ (31,271)</u>

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

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	<u>\$ 693,005</u>	<u>\$ 549,487</u>	<u>\$ 143,518</u>
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
Public Health and Safety Programs	178,753	135,707	43,046
SSA Management	23,250	23,250	-
Personnel	<u>151,893</u>	<u>144,130</u>	<u>7,763</u>
Total Expenditures	<u>782,646</u>	<u>524,280</u>	<u>258,366</u>
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 (Deficit) 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
(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, 2021

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 one finding.

CURRENT YEAR FINDINGS:

We noted that the carryover of unspent funds from 2021 to 2022 are in excess of 25% of the 2021 budget.

MANAGEMENT RESPONSE:

The Commission and management will focus diligently on reducing the carryover in 2022, so as to be under the 25% limitation.

PRIOR YEAR FINDINGS:

No findings.

**Special Service Area 42
Managed by South Shore Chamber of Commerce
State of Illinois Professional CPA License
For the Year Ended December 31, 2021**



Special Service Area 42
Manged by South Shore Chamber of Commerce
Budget
December 31, 2021

Exhibit A
 Budget

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

2021 BUDGET SUMMARY

CATEGORY (Funded Categories Comprise Scope of Services)	2020 Levy		Carryover Funds	TIF Rebate Fund #A19	Estimated Late Collections and Interest	Total All Sources
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$74,916	\$0	\$21,806	\$0	\$0	\$96,722
2.00 Public Way Aesthetics	\$168,650	\$36,719	\$90,000	\$0	\$0	\$295,369
3.00 Sustainability and Public Places	\$0	\$0	\$0	\$0	\$0	\$0
4.00 Economic/ Business Development	\$43,525	\$0	\$0	\$0	\$18,360	\$61,885
5.00 Public Health and Safety Programs	\$128,000	\$0	\$0	\$0	\$18,360	\$146,360
6.00 SSA Management	\$26,250	\$0	\$0	\$0	\$0	\$26,250
7.00 Personnel	\$153,211	\$0	\$0	\$0	\$0	\$153,211
Sub-total	\$594,552	\$36,719	\$0	\$0	\$0	\$631,271
GRAND TOTALS	Levy Total	\$631,271	\$111,806	\$0	\$36,719	\$779,796

LEVY ANALYSIS	
Estimated 2020 EAV:	\$38,174,675
Authorized Tax Rate Cap:	2.000%
Maximum Potential Levy limited by Rate Cap:	\$763,494
Requested 2020 Levy Amount:	\$631,271
Estimated Tax Rate to Generate 2020 Levy:	1.6536%

LEVY CHANGE FROM PREVIOUS YEAR	
2019 Levy Total (in 2020 budget)	\$645,499
2020 Levy Total (in 2021 budget)	\$631,271
Percentage Change	-2.20%
Community meeting required if levy amount increases greater than 5% from previous levy.	

CARRYOVER CALCULATION	
2020 Budget Total	\$782,646
2021 Carryover	\$111,806
Percentage	14.286%
Must be less than 25%	