

**Special Service Area 8**  
**(a taxing district authorized by the City of Chicago)**  
**Managed by Lakeview East Chamber of Commerce**

**Financial Statements**  
**December 31, 2021 and 2020**

## Independent Auditor's Report

To the Commissioners of  
Special Service Area 8  
Managed by Northcenter Chamber of Commerce

### ***Opinion***

We have audited the accompanying financial statements of Special Service Area 8, (SSA8) (a taxing district authorized by the City of Chicago) which comprise the SSA8 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 SSA8 as of December 31, 2021 and 2020, and the changes in its fund balance/net position for the years 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 SSA8 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 SSA8'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 SSA8'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 SSA8'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 11 and 12, 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 28, 2022

**Special Service Area 8**  
**Managed by Lakeview East 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
<b>ASSETS</b>						
Cash and cash equivalents	\$ 316,898	\$ -	\$ 316,898	\$ 173,224	\$ -	\$ 173,224
Property tax receivable, net of allowance	925,044	-	925,044	911,044	-	911,044
Prepaid expenses	1,500	-	1,500	1,500	-	1,500
<b>Total Assets</b>	<b>\$ 1,243,442</b>	<b>\$ -</b>	<b>\$ 1,243,442</b>	<b>\$ 1,085,768</b>	<b>\$ -</b>	<b>\$ 1,085,768</b>
<b>LIABILITIES</b>						
Due to Lakeview East Chamber	57,788	-	57,788	-	-	-
<b>Total Liabilities</b>	<b>57,788</b>	<b>-</b>	<b>57,788</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS</b>						
Deferred property tax revenue	925,044	(925,044)	-	911,044	(911,044)	-
<b>Total Deferred Inflows</b>	<b>925,044</b>	<b>(925,044)</b>	<b>-</b>	<b>911,044</b>	<b>(911,044)</b>	<b>-</b>
<b>FUND BALANCE / NET POSITION</b>						
Unassigned	260,610	(260,610)	-	174,724	(174,724)	-
<b>Total Fund Balance</b>	<b>260,610</b>	<b>(260,610)</b>	<b>-</b>	<b>174,724</b>	<b>(174,724)</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<b>\$ 1,243,442</b>			<b>\$ 1,085,768</b>		
<b>Net Position - Unrestricted</b>		<b>\$ (1,185,654)</b>	<b>\$ 1,185,654</b>		<b>\$ (1,085,768)</b>	<b>\$ 1,085,768</b>

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

Total fund balance - governmental funds	\$ 260,610	\$ 174,724
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.	925,044	911,044
	<u>\$ 1,185,654</u>	<u>\$ 1,085,768</u>

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

**Special Service Area 8**  
**Managed by Lakeview East Chamber of Commerce**  
**Statements of Activities and Governmental Fund,**  
**Revenues, Expenditures**  
**and Changes in Fund Balances**  
**For the Years Ended December 31, 2021 and 2020**

	2021			2020		
	Governmental Fund	Adjustments	Statement of Activities	Governmental Fund	Adjustments	Statement of Activities
<b>REVENUES</b>						
Property taxes - net of allowance	\$ 1,001,926	\$ 14,000	\$ 1,015,926	\$ 965,203	\$ (5,061)	\$ 960,142
Interest	-	-	-	161	-	161
<b>Total Revenues</b>	<b>1,001,926</b>	<b>14,000</b>	<b>1,015,926</b>	<b>965,364</b>	<b>(5,061)</b>	<b>960,303</b>
<b>EXPENDITURES</b>						
Customer attraction	232,715	-	232,715	193,156	-	193,156
Public way aesthetics	378,336	-	378,336	296,361	-	296,361
Sustainability and public places	7,487	-	7,487	10,478	-	10,478
Economic / business development	5,552	-	5,552	15,908	-	15,908
Public health and safety programs	72,939	-	72,939	85,462	-	85,462
SSA Management	60,902	-	60,902	82,897	-	82,897
Personnel	158,109	-	158,109	168,892	-	168,892
<b>Total Expenditures</b>	<b>916,040</b>	<b>-</b>	<b>916,040</b>	<b>853,154</b>	<b>-</b>	<b>853,154</b>
Excess over/(under) of revenues over expenditures	85,886	14,000	99,886	112,210	(5,061)	107,149
Change in Net Position	85,886	14,000	99,886	112,210	(5,061)	107,149
<b>Fund Balance/Net Position</b>						
Beginning of the Year	174,724	911,044	1,085,768	62,514	916,105	978,619
End of the Year	\$ 260,610	\$ 925,044	\$ 1,185,654	\$ 174,724	\$ 911,044	\$ 1,085,768

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

Net change in Fund balance - governmental funds	\$ 85,886	\$ 112,210
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	14,000	(5,061)
Change in Net Position	\$ 99,886	\$ 107,149

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

**Special Service Area 8**  
**Managed by Lakeview East Chamber of Commerce**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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NOTE 1 – Organization and nature

Nature of activities and reporting entity:

Special Service Area 8 is a taxing district authorized by City of Chicago located in Chicago, Illinois. Its scope of services is to fund various activities to improve and enhance the Lakeview East commercial district. 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.

Special Service Area 8 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with Lakeview Chamber of Commerce to perform administrative duties as the service provider for this SSA during the reporting period. Lakeview East Chamber of Commerce (the Chamber) is an Illinois not-for-profit corporation, exempt from federal taxes under Section 501c(6) of the Internal Revenue Code.

NOTE 2 – Summary of significant accounting policies

Governmental-wide and fund financial statements:

The financial statements of the SSA 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 principles). 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.

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 8**  
**Managed by Lakeview East Chamber of Commerce**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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NOTE 2 – Summary of significant accounting policies – (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, 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.

**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 acquisition.

**Receivables**

All property tax receivables are shown net of allowance. As of December 31, 2021, and 2020, the allowance is estimated to be 1% or approximately \$12,000, and 3% or approximately \$26,000, of the outstanding property taxes, respectively.

**Special Service Area 8**  
**Managed by Lakeview East Chamber of Commerce**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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NOTE 2 – Summary of significant accounting policies – (continued)

Prepaid expenses

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

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

Subsequent Events

Subsequent events have been evaluated through April 28, 2022, which is the date the financial statements were available to be issued.



**Special Service Area 8**  
**Managed by Lakeview East Chamber of Commerce**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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**NOTE 3 – Cash and Cash Equivalents**

SSA 8 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 may exceed the insurance level from time to time during the years ending December 31, 2021 and 2020.

**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 the SSA.

**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 – 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 8 between the City of Chicago and Lakeview East Chamber of Commerce. As of December 31, 2021, and 2020, the SSA had total fund balances of \$260,610 and \$174,724, respectively. These funds will be utilized in this special service area during future years.

**Special Service Area 8**  
**Managed by Lakeview East Chamber of Commerce**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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NOTE 7 – Related party transactions

SSA 8 is affiliated with Lakeview East Chamber of Commerce as its service provider. Special Service Area 8 shares office space, equipment, and employees through this affiliation. Special Service Area 8 has no employees of their own, but reimburses Lakeview East Chamber of Commerce for payroll, related costs and a portion of its shared operating expenses such as rent and utilities. At December 31, 2021 and 2020, the balance due to Lakeview East Chamber of Commerce was \$57,788 and \$0, respectively.

NOTE 8 – 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

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**Special Service Area 8**  
**Managed by Lakeview East Chamber of Commerce**  
**Schedule of Revenues and**  
**Expenditures - Budget and Actual**  
**December 31, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUE</b>			
Property revenues and interest - current year	\$ 947,044	\$ 1,001,926	\$ (54,882)
Total revenues	947,044	1,001,926	(54,882)
<b>EXPENDITURES</b>			
Customer attraction	240,158	232,715	7,443
Public way aesthetics	405,185	378,336	26,849
Sustainability and public places	13,200	7,487	5,713
Economic / business development	32,000	5,552	26,448
Public health and safety programs	75,000	72,939	2,061
SSA Management	81,800	60,902	20,898
Personnel	184,701	158,109	26,592
Total expenditures	<u>1,032,044</u>	<u>916,040</u>	<u>116,004</u>
Excess (deficit) of revenues over expenditures	<u>\$ (85,000)</u>	<u>\$ 85,886</u>	<u>\$ (170,886)</u>
CARRYOVER	<u>85,000</u>	<u>-</u>	<u>85,000</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 85,886</u>	<u>\$ (85,886)</u>

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

**Special Service Area 8**  
**Managed by Lakeview East Chamber of Commerce**  
**Schedule of Revenues and**  
**Expenditures - Budget and Actual**  
**December 31, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUE</b>			
Property revenues and interest - current year	\$ 929,015	\$ 965,364	\$ (36,349)
Total revenues	929,015	965,364	(36,349)
<b>EXPENDITURES</b>			
Customer attraction	230,077	193,156	36,921
Public way aesthetics	365,598	296,361	69,237
Sustainability and public places	11,200	10,478	722
Economic / business development	24,300	15,908	8,392
Safety programs	85,500	85,462	38
Management	85,200	82,897	2,303
Personnel	177,140	168,892	8,248
Total expenditures	979,015	853,154	125,861
Excess (deficit) of revenues over expenditures	<u>\$ (50,000)</u>	<u>\$ 112,210</u>	<u>\$ (162,210)</u>
CARRYOVER	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 112,210</u>	<u>\$ (112,210)</u>

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

**Special Service Area 8**  
**Managed by Lakeview East Chamber of Commerce**  
**Summary Schedule of Findings**  
**For the Year Ended December 31, 2021**

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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 for Special Service Area 8 between the City of Chicago and Lakeview East Chamber of Commerce.

FINDINGS - CURRENT YEAR AND PRIOR YEAR:

After conducting the audit, we determined that there were the below findings:

Service provider must establish a separate bank account in Chicago Illinois for the Special Service Area funds. Special Service Area 8 does maintain a bank account for inflows of the property tax levies but does not disburse any funds related to approve expenditures. All approved Special Service expenditures are disbursed from Lakeview East Chamber of Commerce and then Special Service Area 8 reimburses them.

MANAGEMENTS RESPONSE - CURRENT YEAR AND PRIOR YEAR:

Special Service Area 8 does maintain a separate depository bank account only. All bills are paid through the Lakeview East Chamber of Commerce bank account and monies are transferred out of the SSA account for the amount of funds approved and spent for SSA. SSA 8 funds are not commingled with other Lakeview East Chamber of Commerce sources.

**Special Service Area 8  
Managed by Lakeview East Chamber of Commerce  
State of Illinois Professional CPA License  
December 31, 2021**



**Special Service Area 8  
 Managed by Lakeview East Chamber of Commerce  
 Budget  
 December 31, 2021**

<b>Special Service Area # 8</b>	
SSA Name:	Lake View East

**2021 BUDGET SUMMARY**

Budget and Services Period: January 1, 2021 through December 31, 2021

CATEGORY (Funded Categories Comprise Scope of Services)	2020 Levy		Carryover Funds	TIF Rebate Fund #334	Estimated Late Collections and Interest	Total All Sources
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$205,158	\$13,000	\$17,000	\$0	\$5,000	\$240,158
2.00 Public Way Aesthetics	\$347,185	\$5,000	\$48,000	\$0	\$5,000	\$405,185
3.00 Sustainability and Public Places	\$11,200	\$0	\$2,000	\$0	\$0	\$13,200
4.00 Economic/ Business Development	\$20,000	\$3,000	\$9,000	\$0	\$0	\$32,000
5.00 Public Health and Safety Programs	\$61,000	\$5,000	\$9,000	\$0	\$0	\$75,000
6.00 SSA Management	\$81,800	\$0	\$0	\$0	\$0	\$81,800
7.00 Personnel	\$184,701	\$0		\$0	\$0	\$184,701
	<b>Sub-total</b>	<b>\$911,044</b>				
<b>GRAND TOTALS</b>	<b>Levy Total</b>	<b>\$937,044</b>	<b>\$85,000</b>	<b>\$0</b>	<b>\$10,000</b>	<b>\$1,032,044</b>

LEVY ANALYSIS	
Estimated 2020 EAV:	\$228,547,212
Authorized Tax Rate Cap:	0.410%
Maximum Potential Levy limited by Rate Cap:	\$937,044
Requested 2020 Levy Amount:	\$937,044
Estimated Tax Rate to Generate 2020 Levy:	0.4100%

LEVY CHANGE FROM PREVIOUS YEAR	
2019 Levy Total (in 2020 budget)	\$929,015
2020 Levy Total (in 2021 budget)	\$937,044
Percentage Change	0.86%
Community meeting required if levy amount increases greater than 5% from previous levy...	

CARRYOVER CALCULATION	
2020 Budget Total	\$979,015
2021 Carryover	\$85,000
Percentage	8.682%
Must be less than 25%	