
SPECIAL SERVICE AREA #24

(a taxing district authorized by the City of Chicago)

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(TOGETHER WITH INDEPENDENT AUDITOR'S REPORT)



THE A.C.T. GROUP LLC
ODONI PARTNERS COMPANY

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of DevCorp North D/B/A Rogers Park Business Alliance
Commissioners of Special Service Area #24
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Special Service Area #24 (a taxing district authorized by the City of Chicago) which comprise the statements of net position and governmental funds balance sheets as of December 31, 2019 and 2018, and the related statements of activities and governmental funds, revenues, expenditures and changes in fund balance, and revenues and expenditures-budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 audits. We conducted our audits 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 of 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 unqualified audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area #24 as of December 31, 2019 and 2018 and the changes in financial position and budgetary comparison for the years then ended in accordance 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.

Restricted Use Relating to the Other Matter

The communication related to compliance with the aforementioned Agreements described in the Required Supplementary Information paragraph is intended solely for the information and use of the Boards of Directors and management of DevCorp North D/B/A Rogers Park Business Alliance, SSA #24, and the City of Chicago and is not intended to be and should not be used by anyone other than these specified parties.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combining and combined financial statements as a whole. The supplementary information included on page 10 is presented for purposes of additional analysis and is not a required part of the combining and combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combining and combined financial statements. The information, except for the budget information included on page 10 which is unaudited, has been subjected to the auditing procedures applied in the audits of the combining and combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combining and combined financial statements or to the combining and combined financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combining and combined financial statements as a whole. The unaudited information referred to above has not been subjected to the auditing procedures applied in the audits of the combining and combined financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Emphasis of a Matter

As discussed in Note 8 to the consolidated financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

The A.C.T. Group, LLC

The A.C.T. Group, LLC
Certified Public Accountants
May 14, 2020

SPECIAL SERVICE AREA #24
(a taxing district authorized by the City of Chicago)
Managed by DevCorp North D/B/A Rogers Park Business Alliance
Statements of Net Position and Governmental Fund Balance Sheets
December 31, 2019 and 2018

	2019			2018		
	Governmental Funds	Adjustments	Statement of Net Position	Governmental Funds	Adjustments	Statement of Net Position
ASSETS						
<u>Current Assets</u>						
Cash	\$ 115,182	-	115,182	\$ 18,078	\$ -	\$ 18,078
Property Tax Receivable, net of allowance for uncollectable taxes of \$13,356 and \$12,644	320,535	-	320,535	303,456	-	303,456
Due from SSA #43	-	-	-	79	-	79
Due from SSA #54	2	-	2	324	-	324
Security Deposit	150	-	150	150	-	150
TOTAL ASSETS	\$ 435,869	\$ -	\$ 435,869	\$ 322,087	\$ -	\$ 322,087
LIABILITIES						
<u>Current Liabilities</u>						
Accounts Payable	\$ 9,649	-	9,649	\$ 1,531	\$ -	\$ 1,531
Accrued Expenses	2,675	-	2,675	3,575	-	3,575
Due to SSA #19	52	-	52	188	-	188
Due to SSA #43	112	-	112	-	-	-
Due to RPBA	7,438	-	7,438	7,659	-	7,659
TOTAL LIABILITIES	19,925	-	19,925	12,953	-	12,953
DEFERRED INFLOWS						
Deferred Property Tax Revenue	320,535	(320,535)	-	303,456	(303,456)	-
TOTAL DEFERRED INFLOWS	320,535	(320,535)	-	303,456	(303,456)	-
FUND BALANCES / NET POSITION						
<u>Unassigned (Deficit)</u>	95,409	(95,409)	-	5,678	(5,678)	-
TOTAL FUND BALANCE	95,409	(95,409)	-	5,678	(5,678)	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 435,869			\$ 322,087		
<u>Net Position</u>						
Unrestricted		\$ (415,944)	\$ 415,944		\$ (309,134)	\$ 309,134

Amounts reported for governmental activities in the statements of net position are different because:

Total fund balance - governmental funds	\$ 95,409	\$ 5,678
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 governmental funds.	320,535	303,456
Total net position - governmental activities	\$ 415,944	\$ 309,134

SPECIAL SERVICE AREA #24
(a taxing district authorized by the City of Chicago)
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Statements of Activities and Governmental Fund/
Revenues, Expenditures and Changes in Fund Balance
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Governmental Funds	Adjustments	Statement of Activities	Governmental Funds	Adjustments	Statement of Activities
REVENUES:						
Property Taxes	\$ 306,018	17,079	\$ 323,097	\$ 288,437	\$ 21,484	\$ 309,921
Interest Income	70	-	70	46	-	46
TOTAL REVENUE	306,088	17,079	323,167	288,483	21,484	309,967
EXPENSES:						
Services:						
Customer Attraction	61,815	-	61,815	44,564	-	44,564
Public Way Aesthetics	77,311	-	77,311	83,346	-	83,346
Sustainability & Public Places	1,680	-	1,680	2,155	-	2,155
Economic/Business Development	323	-	323	3,105	-	3,105
Total Services Expenditures	141,128	-	141,128	133,171	-	133,171
Administration:						
Personnel	48,322	-	48,322	47,701	-	47,701
Admin - nonpersonnel	26,907	-	26,907	29,736	-	29,736
Total Administration Expenditures	75,229	-	75,229	77,437	-	77,437
TOTAL EXPENDITURES	216,357	-	216,357	210,608	-	210,608
Excess of expenditures over revenues	89,731	17,079	106,810	77,875	21,484	99,359
Change in Net Position	89,731	17,079	106,810	77,875	21,484	99,359
FUND BALANCE/NET POSITION						
Beginning of the Year	5,678	303,456	309,134	(72,197)	281,972	209,775
End of the Year	\$ 95,409	\$ 320,535	\$ 415,944	\$ 5,678	\$ 303,456	\$ 309,134

Amounts reported for governmental activities in the statements of activities are different because:

Net change in fund balance - governmental funds	\$ 89,731	\$ 77,875
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds	17,079	21,484
Change in net position	\$ 106,810	\$ 99,359

SPECIAL SERVICE AREA #24
(a taxing district authorized by the City of Chicago)
Managed by DevCorp North D/B/A Rogers Park Business Alliance
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

1. **Summary of Significant Accounting Policies**

(a) Nature of Reporting Entity: Special Service Area #24 is a taxing district authorized by the City of Chicago located in Chicago, Illinois. Its scope of services is to fund various activities to improve and enhance the Clark Street 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 distributed by the City of Chicago to the SSA.

Special Service Area #24 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with DevCorp North D/B/A Rogers Park Business Alliance (RPBA) to perform administrative duties as the service provider for this SSA during the reporting period. RPBA is an Illinois not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

(b) Basis of Presentation: The government-wide financial statements report information on all the activities of the Special Service Area. Governmental activities include those items funded by the tax levies. While separate governmental activities incorporate data from the governmental funds. The fund financial statements are on major governmental funds. The commission reports one major governmental fund, the General Fund.

(c) 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 the related cash flows. Property taxes are recognized as revenues in the year 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 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 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.

SPECIAL SERVICE AREA #24
(a taxing district authorized by the City of Chicago)
Managed by DevCorp North D/B/A Rogers Park Business Alliance
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

1. **Summary of Significant Accounting Policies (continued)**

(d) Government-Wide and Fund Financial Statements: The financial statements of the SSA have been prepared in conformity with the 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 the 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.

(e) Assets, Liabilities, and Net Position:

Cash, Cash equivalents and investments: 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 allowances. As of December 31, 2019 and 2018, the allowance is estimated to be 4% of the outstanding property taxes.

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

Fund Equity/Net Position: Government fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by 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 a net resource in excess of what can be properly classified in one of the above four categories.

When both restricted and unrestricted fund balances are available for use, it is the SSA's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balance is reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net position is reported as invested in capital assets net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt, if applicable, is comprised of the net capital asset balance less any related debt. Restricted net position is when restrictions are placed on net assets from 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. The remaining net position is classified as unrestricted.

SPECIAL SERVICE AREA #24
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

1. Summary of Significant Accounting Policies (continued)

(f) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reported period. Actual results could differ from those estimates.

2. Cash, Cash Equivalents, and Investments

The Organization maintains its cash in a bank deposit account, which, at times, may exceed federally insured limits. The Organization had not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk in cash.

3. Deferred Inflows of Revenue

As deferred inflow of resource/property tax revenue represents an acquisition of fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

4. Fund Equity / Net Position

The SSA is required to present information regarding its financial position and activities according to the between the SSA and the City of Chicago. As of December 31, 2019 and 2018, the SSA total fund balances of \$95,409 and \$5,678, respectively. These funds will be utilized in this special area during future years as well as act as a reserve for any emergencies.

5. 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.

6. Related Party Transactions

The SSA is affiliated with DevCorp North D/B/A Rogers Park Business Alliance (RPBA), which provides certain administrative services for the SSA.

As of December 31, 2019 and 2018, \$7,438 and \$7,659 was payable for services by RPBA, respectively. The balances resulted from the time lag that 1) goods and services are being provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments are being made.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

6. Related Party Transactions (continued)

As of December 31, 2019, \$52 and \$112 was payable to SSA #19 and SSA #43 respectively for goods or services provided by this SSA. As of December 31, 2018, \$188 and \$0 was payable to SSA #19 and SSA #43 respectively, for goods or services provided by these SSA's.

In addition, as of December 31, 2019, \$0 and \$2 was due from SSA #43 and SSA #54 respectively, for goods or services provided by this SSA. As of December 31, 2018, \$79 and \$324 was due from SSA #43 and SSA #54 respectively, for goods or services provided by these SSA's.

7. Prior Year Reclassifications

For comparability, the prior year's financial statements reflect reclassifications where appropriate to conform to the financial statement presentation used this year.

8. Subsequent Events

The SSA has evaluated the December 31, 2019 and 2018, financial statements for subsequent events through the May 14, 2020, the date the financial statements were available to be issued. The SSA is not aware of any additional subsequent events that would require recognition or disclosure in the accompanying financial statements.

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

SUPPLEMENTARY INFORMATION

SPECIAL SERVICE AREA #24
(a taxing district authorized by the City of Chicago)
Managed by DevCorp North D/B/A Rogers Park Business Alliance
Schedule of Revenues and Expenditures - Budget and Actual
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES:						
Property Taxes	\$ 300,664	300,841	\$ (177)	\$ 286,875	\$ 283,116	\$ 3,759
Interest Income	-	70	(70)	-	46	(46)
TIF Rebate	2,710	2,710	-	1,466	2,066	(600)
Late Collections	7,436	2,467	4,969	6,846	3,255	3,591
Loss Collection	7,436	-	7,436	6,846	-	6,846
TOTAL REVENUE	318,246	306,088	12,158	302,033	288,483	13,550
EXPENDITURES						
Customer Attraction	104,200	61,815	42,385	100,719	44,564	56,155
Public Way Aesthetics	132,024	77,311	54,713	117,055	83,346	33,709
Sustainability & Public Places	1,800	1,680	120	2,166	2,155	11
Economic/Business Development	4,800	323	4,477	4,800	3,105	1,695
Safety Programs	100	-	100	100	-	100
SSA Mgt/Admin. Non-Personnel	31,200	26,907	4,293	30,200	29,736	464
Personnel	44,922	48,322	(3,400)	47,793	47,701	92
TOTAL EXPENDITURES	319,046	216,357	102,689	302,833	210,608	92,225
Excess of revenue over (under) expenditures	\$ <u>(800)</u>	\$ <u>89,731</u>	\$ <u>(90,531)</u>	\$ <u>(800)</u>	\$ <u>77,875</u>	\$ <u>(78,675)</u>
CARRYOVER	800	-	800	800	-	800
Net revenues in excess of expenditures	\$ <u>-</u>	\$ <u>89,731</u>	\$ <u>(89,731)</u>	\$ <u>-</u>	\$ <u>77,875</u>	\$ <u>(77,875)</u>

SPECIAL SERVICE AREA #24
(a taxing district authorized by the City of Chicago)
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

SUMMARY SCHEDULE OF FINDINGS

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 Housing and Economic Development dated June 2013, we have read the requirements contained in the Agreement for Special Service Area #24 between the City of Chicago and DevCorp North D/B/A Rogers Park Business Alliance.

Current year findings:

- We noted the SSA participated in loan activity as amounts Due to other Special Service Areas managed by the same Service Provider were identified.
- We noted that one transaction belonged to the SSA mistakenly was deposited into the service provider's account by the city of Chicago and three transactions that belonged to the service provider were deposited into the SSA's account.
- We noted that there was no invoice issued by the service provider to the SSA for shared costs which is required by the of Chicago.

Management response:

- Our corrective action plan is to more closely monitor amounts due to and from Special Service Areas. We will also confirm our bank account numbers with the city and continue to inform them of not making the mistake again.
- We also will make sure to collect invoices from the service provider before the payment is made and to pay attention to the program guide, page 19, "paying for shared costs" section

Update of prior year findings:

- We noted certain expenditures for which actual expenses exceeded budgeted amounts.

Management response:

- Rogers Park Business Alliance will pay closer attention to monthly financial statements from our accountant and adjust the budget as needed.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no other exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018



Exhibit A Budget

Special Service Area # 24

Service Provider Agency:	Rogers Park Business Alliance
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2019 BUDGET SUMMARY

Budget and Services Period: January 1, 2019 through December 31, 2019

CATEGORY	2018 Levy		Carryover Funds	TIF Rebate Fund #900	Estimated Late Collections and Interest	Total All Sources
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$92,254	\$4,200	\$600	\$2,710	\$4,436	\$104,200
2.00 Public Way Aesthetics	\$126,024	\$3,000	\$0	\$0	\$3,000	\$132,024
3.00 Sustainability and Public Places	\$1,800	\$0	\$0	\$0	\$0	\$1,800
4.00 Economic/ Business Development	\$4,364	\$236	\$200	\$0	\$0	\$4,800
5.00 Safety Programs	\$100	\$0	\$0	\$0	\$0	\$100
6.00 SSA Management	\$31,200	\$0	\$0	\$0	\$0	\$31,200
7.00 Personnel	\$44,922	\$0		\$0	\$0	\$44,922
	Sub-total	\$300,664	\$7,436			
GRAND TOTALS	Levy Total	\$308,100	\$800	\$2,710	\$7,436	\$319,046

LEVY ANALYSIS	
Estimated 2018 EAV:	\$50,446,338
Authorized Tax Rate Cap:	0.630%
Maximum Potential Levy limited by Rate Cap:	\$317,812
Requested 2018 Levy Amount:	\$308,100
Estimated Tax Rate to Generate 2017 Levy:	0.6107%