

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: **Sauganash SSA62**

SSA Provider Name: **Edgebrook Sauganash 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 62
(a taxing district authorized by the City of Chicago)
Managed by Edgebrook Sauganash Chamber of Commerce

Financial Statements
December 31, 2020 and 2019

Special Service Area 62
Managed by Edgebrook Sauganash Chamber of Commerce
Financial Statements
December 31, 2020 and 2019

Table of Contents

<u>Financial Statements</u>	<u>Page</u>
Independent Auditor's Report	1-2
Statements of Net Position and Governmental Fund Balance Sheets December 31, 2020 and 2019	3
Statements of Activities and Governmental Fund, Revenues, Expenditures and Changes in Fund Balances For the Years Ended December 31, 2020 and 2019	4
Notes to the Financial Statements - For the Years Ended December 31, 2020 and 2019	5-9
<u>Supplementary Information</u>	
Schedule of Revenues and Expenditures - Budget and Actual December 31, 2020	10
Schedule of Revenues and Expenditures - Budget and Actual December 31, 2019	11
Summary Schedule of Findings For the Year Ended December 31, 2020	12
State of Illinois CPA License	13
SSA Budget Summary Page Used	14

Independent Auditor's Report

To the Commissioners of Special Service Area 62
Managed by Edgebrook Sauganash Chamber of Commerce
Chicago, Illinois

We have audited the accompanying financial statements of Special Service Area 62, (a taxing district authorized by the City of Chicago) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Special Service Area 62 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 financial positions of Special Service Area 62 as of December 31, 2020 and 2019, and its statements of activities and governmental fund, revenues, expenditures and changes in fund balances for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues and expenditures - budget and actual on page 10 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 20, 2021

Special Service Area 62
Managed By Edgebrook Sauganash Chamber of Commerce
Statements of Net Position and
Governmental Fund Balance Sheets
December 31, 2020 and 2019

	2020			2019		
	Governmental Fund	Adjustments	Statement of Net Position	Governmental Fund	Adjustments	Statement of Net Position
ASSETS						
Cash and cash equivalents	\$ 63,986	\$ -	\$ 63,986	\$ 38,761	\$ -	\$ 38,761
Property tax receivable, net allowance	76,579	-	76,579	78,548	-	78,548
Total Assets	<u>\$ 140,565</u>	<u>\$ -</u>	<u>\$ 140,565</u>	<u>\$ 117,309</u>	<u>\$ -</u>	<u>\$ 117,309</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 125	\$ -	\$ 125
Due to City of Chicago	1,242	-	1,242	4,017	-	4,017
Total Liabilities	1,242	-	1,242	4,142	-	4,142
DEFERRED INFLOWS						
Deferred property tax revenue	76,579	(76,579)	-	78,548	(78,548)	-
Total Deferred Inflows	76,579	(76,579)	-	78,548	(78,548)	-
FUND BALANCE / NET POSITION						
Unassigned	62,744	(62,744)	-	34,619	(34,619)	-
Total Fund balance	<u>62,744</u>	<u>(62,744)</u>	<u>-</u>	<u>34,619</u>	<u>(34,619)</u>	<u>-</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 140,565</u>			<u>\$ 117,309</u>		
Net Position - Restricted		<u>\$ (139,323)</u>	<u>\$ 139,323</u>		<u>\$ (113,167)</u>	<u>\$ 113,167</u>

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

Total fund balance - governmental funds	\$ 62,744	\$ 34,619
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>76,579</u>	<u>78,548</u>
Total net position - governmental activities	<u>\$ 139,323</u>	<u>\$ 113,167</u>

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

Special Service Area 62
Managed by Edgebrook Sauganash Chamber of Commerce
Statements of Activities and Governmental Fund
Revenues, Expenditures
and Changes in Fund Balance
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Governmental Fund	Adjustments	Statement of Activities	Governmental Fund	Adjustments	Statement of Activities
REVENUES						
Property taxes and interest	\$ 77,420	\$ (1,969)	\$ 75,451	\$ 70,890	\$ 3,548	\$ 74,438
Interest income	12	-	12	65	-	65
Total Revenues	77,432	(1,969)	75,463	70,955	3,548	74,503
EXPENDITURES						
Customer attraction	1,759	-	1,759	9,966	-	9,966
Public way aesthetics	28,422	-	28,422	50,687	-	50,687
SSA Management	6,763	-	6,763	6,414	-	6,414
Personnel	12,363	-	12,363	11,898	-	11,898
Total Expenditures	49,307	-	49,307	78,965	-	78,965
Excess of revenues over expenditures	28,125	(1,969)	26,156	(8,010)	3,548	(4,462)
Change in Net Position	28,125	(1,969)	26,156	(8,010)	3,548	(4,462)
Fund Balance/Net Position						
Beginning of the Year	34,619	78,548	113,167	42,629	75,000	117,629
End of the Year	<u>\$ 62,744</u>	<u>\$ 76,579</u>	<u>\$ 139,323</u>	<u>\$ 34,619</u>	<u>\$ 78,548</u>	<u>\$ 113,167</u>

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

Net change in Fund balance - governmental funds	\$ 28,125	\$ (8,010)
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	(1,969)	3,548
Change in Net Position	<u>\$ 26,156</u>	<u>\$ (4,462)</u>

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

Special Service Area 62
(a taxing district authorized by the City of Chicago)
Managed by Edgebrook Sauganash 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 62 (“SSA 62”) 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 Sauganash 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 62 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with Edgebrook Sauganash Chamber of Commerce to perform administrative duties as the service provider for this SSA during the reporting period. Edgebrook Sauganash Chamber of Commerce is an Illinois not-for-profit corporation that is exempt from federal taxes under Section 501(c)6 of the Internal Revenue Code.

Special Service Area 62 is located in the Sauganash neighborhood in Chicago, supports a vibrant, safe, beautiful, and welcoming commercial district. The boundaries of which are generally bounded by the Edens Expressway and Cicero Avenue on the west, Hiawatha Avenue on the north, the alley east of Cicero Avenue and Keating Avenue on the east, and Caldwell Avenue on the south. Special Service Area 62 vision is to create a gateway to the Sauganash business district by attracting commercial development, encouraging consumer spending by transforming and enhancing the area around existing retail space, attracting new restaurants, and maximizing occupancy of office space within the underutilized business corridor on Cicero Avenue between Devon and Peterson.

NOTE 2 – Summary of Significant Accounting Policies

a. Government-Wide and Fund Financial Statements

The financial statements of SSA 62 have been prepared in conformity with accounting principles generally accepted in 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).

Special Service Area 62
(a taxing district authorized by the City of Chicago)
Managed by Edgebrook Sauganash Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

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

The SSA accounts for its activities in one fund, its general fund.

b. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied.

The 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, both measurable and available to finance expenditures of the current period. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end. Expenditures are recorded when the liability is incurred.

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

c. Assets, Liabilities, and Net Position

Cash and cash equivalents

The SSA's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisitions.

Special Service Area 62
(a taxing district authorized by the City of Chicago)
Managed by Edgebrook Sauganash Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

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

Receivables

All property tax receivables are shown net of allowances. As of December 31, 2020, and 2019, the allowance is estimated to be less than 1% of the outstanding property taxes receivable, per year.

Fund Equity/Net Position

Governmental 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 the SSA board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the SSA 62 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 comprised of the net capital asset balance less any related debt. Restricted net position is when restrictions are placed on net assets from 1) externally imposed by creditors, grantors, contributors, or laws, or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. The remaining net position is classified as unrestricted.

d. Subsequent Events

Subsequent events have been evaluated through April 20, 2021, which is the date the financial statements were available to be issued.

Special Service Area 62
(a taxing district authorized by the City of Chicago)
Managed by Edgebrook Sauganash Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 3 – Cash and cash equivalents

The SSA defines cash and cash equivalents as short-term liquid investments such as cash in banks, money markets, and other financial instruments that can be reduced to cash in thirty days or less. The SSA maintains its cash balance in a financial institution located in Chicago, IL. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. The SSA's cash balance did not exceed the insurance level as of December 31, 2020 and 2019.

NOTE 4 – Property taxes

The SSA's principal source of revenue is from real estate taxes levied on certain property located in its boundaries. 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 March. The second installment is due in August or 30 days from the mailing of the tax bills, if issued later than July 1. The second installment is based on the remaining amount of the levy on file with the County. Bills are issued and collected by Cook County who remits the SSA's share to the City who then remits the monies to SSA 62.

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 – Accounts Payable, Accrued Expenses and Due to City of Chicago

Accounts payable balance, at December 31, 2020 and 2019, is \$0 and \$125, respectively. These balances consist of services incurred during the respective year related to holiday lighting, SSA management and personnel costs. Amounts due to City of Chicago \$1,242 and \$4,017, represent property tax refunds determined but not yet refunded as of December 31, 2020 and 2019, respectively.

Special Service Area 62
(a taxing district authorized by the City of Chicago)
Managed by Edgebrook Sauganash Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 7 – 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 62 between the City of Chicago and Edgebrook Sauganash Chamber of Commerce. As of December 31, 2020, and 2019, the SSA had total fund balances of \$62,744 and \$34,619, respectively. These fund balances will be utilized in this special service area during future years.

NOTE 8 – Related Party Transactions

The SSA is affiliated with Edgebrook Sauganash Chamber of Commerce as its sole service provider. Special service area 62 shares office space, equipment, and employees through this affiliation. Special Service Area 62 has no employees of their own, but reimburses Edgebrook Sauganash Chamber of Commerce for payroll and related costs of the individuals working on the programs. It also reimburses Edgebrook Sauganash Chamber of Commerce for a portion of its operating expenses. SSA62 reimbursed Edgebrook Sauganash Chamber of Commerce \$16,825 and \$16,803, during the years ending December 31, 2020 and 2019, respectively.

NOTE 9 – 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.

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

**Edgebrook Sauganash Chamber of Commerce
Special Service Area 62
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property revenues - current year	\$ 78,692	\$ 77,420	\$ 1,272
Interest income	-	12	(12)
	<u>78,692</u>	<u>77,432</u>	<u>1,260</u>
EXPENDITURES			
Customer attraction	23,500	1,759	21,741
Public way aesthetics	53,984	28,422	25,562
Sustainability and public places	375	-	375
Economic/business development	100	-	100
Safety programs	500	-	500
SSA management	7,630	6,763	867
Personnel	12,103	12,363	(260)
	<u>98,192</u>	<u>49,307</u>	<u>48,885</u>
Excess (deficit) revenues over expenditures	<u>\$ (19,500)</u>	<u>\$ 28,125</u>	<u>\$ (47,625)</u>
CARRYOVER			
	<u>19,500</u>	<u>-</u>	<u>19,500</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 28,125</u>	<u>\$ (28,125)</u>

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

**Edgebrook Sauganash Chamber of Commerce
Special Service Area 62
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2019**

	Budget	Actual	Variance
REVENUE			
Property revenues - current year	\$ 75,000	\$ 70,890	\$ 4,110
Interest income	-	65	(65)
	<u>75,000</u>	<u>70,955</u>	<u>4,045</u>
Total revenues	75,000	70,955	4,045
EXPENDITURES			
Customer attraction	10,342	9,966	376
Public way aesthetics	50,687	50,687	-
SSA management	6,639	6,414	225
Personnel	12,878	11,898	980
	<u>80,546</u>	<u>78,965</u>	<u>1,581</u>
Total expenditures	80,546	78,965	1,581
Excess (deficit) revenues over expenditures	<u>\$ (5,546)</u>	<u>\$ (8,010)</u>	<u>\$ 2,464</u>
CARRYOVER			
	<u>5,546</u>	<u>-</u>	<u>5,546</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ (8,010)</u>	<u>\$ 8,010</u>

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

Special Service Area 62
(a taxing district authorized by the City of Chicago)
Managed by Edgebrook Sauganash 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 Agreement for Special Service Area 62, between the City of Chicago and Edgebrook Sauganash Chamber of Commerce.

CURRENT YEAR FINDING:

The carryover amount from 2020 to 2021 exceeded 25% of the 2020 budget.

We noted that in one expenditure category the actual expenses exceeded the budgeted amount.

CORRECTIVE ACTION PLAN:

The Commission will focus on diligently reducing the carryover in 2021 and 2022 so as to be in under the 25% limitation.

Management will pay closer attention to actual expense in compliance with budget during the year and revise the budget when necessary.

PRIOR YEAR FINDING:

The carryover amount from 2019 to 2020 exceeded 25% of the 2019 budget.

CORRECTIVE ACTION PLAN UPDATE:

The Commission did focus diligently on reducing the carryover in 2020 but in light of Covid 19, reduction in 2020 planned expenses we deemed the best course of action at this time.

Special Service Area 62
(a taxing district authorized by the City of Chicago)
Managed by Edgebrook Sauganash Chamber of Commerce
Auditors License
For the Year Ended December 31, 2020



Special Service Area 62
(a taxing district authorized by the City of Chicago)
Managed by Edgebrook Sauganash Chamber of Commerce
Budget
For the Year Ended December 31, 2020

Exhibit A
Budget

Special Service Area # 62	
SSA Name:	Sauganash SSA #62

2020 BUDGET SUMMARY

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

CATEGORY	2019 Levy		Carryover Funds	TIF Rebate Fund #	Estimated Late Collections and Interest	Total All Sources
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$23,500	\$0	\$0	\$0	\$0	\$23,500
2.00 Public Way Aesthetics	\$34,340	\$72	\$19,500	\$0	\$72	\$53,984
3.00 Sustainability and Public Places	\$375	\$0	\$0	\$0	\$0	\$375
4.00 Economic/ Business Development	\$100	\$0	\$0	\$0	\$0	\$100
5.00 Safety Programs	\$500	\$0	\$0	\$0	\$0	\$500
6.00 SSA Management	\$7,630	\$0	\$0	\$0	\$0	\$7,630
7.00 Personnel	\$12,103	\$0	\$0	\$0	\$0	\$12,103
	Sub-total	\$78,548	\$72			
GRAND TOTALS	Levy Total	\$78,620	\$19,500	\$0	\$72	\$98,192

LEVY ANALYSIS	
Estimated 2019 EAV:	\$16,596,840
Authorized Tax Rate Cap:	0.500%
Maximum Potential Levy limited by Rate Cap:	\$82,984
Requested 2019 Levy Amount:	\$78,620
Estimated Tax Rate to Generate 2018 Levy:	0.4737%

LEVY CHANGE FROM PREVIOUS YEAR	
2018 Levy Total (in 2019 budget)	\$75,000
2019 Levy Total (in 2020 budget)	\$78,620
Percentage Change	4.83%
Community meeting required if levy amount increases greater than 5% from previous levy.	

CARRYOVER CALCULATION	
2019 Budget Total	\$78,730
2020 Carryover	\$19,500
Percentage	24.768%
Must be less than 25%	