

# 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: 103<sup>rd</sup> Street/Halsted # 45

SSA Provider Name: Far South CDC

Submission Date: May 1, 2023

Starting PDF Page Number	Audit Report Package Components
	Comparative Financial Statements
5	1. Statement of Net Position and Governmental Fund Balance Sheet – Current Year
5	2. Statement of Net Position and Governmental Fund Balance Sheet – Prior Year
6	3. Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance – Current Year
6	4. Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance – Prior Year
7-8	5. Statement of Revenues and Expenditures – Budget and Actual
3-4	Auditor's Opinion on Financial Statements
14-15	Schedule of Findings – Current and Prior Year, if applicable
16-17	Corrective Action Plan – Current and Prior Year, if applicable (if findings)*
19	Audit Firm CPA License
20	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 NUMBER 45  
CHICAGO, ILLINOIS**

**FINANCIAL AND COMPLIANCE AUDIT REPORT**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**SPECIAL SERVICE AREA NUMBER 45**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors of Far South CDC - Contractor  
Commissioners of Special Service Area #45  
Chicago, Illinois

### ***Opinions***

We have audited the accompanying financial statements of Special Service Area # 45 (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, 2022 and 2021, and the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Special Service Area # 45 as of December 31, 2022 and 2021 and the respective 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.

### ***Basis for Opinions***

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Special Service Area # 45 (a taxing district authorized by the City of Chicago) 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.

Considered in the aggregate, that raise substantial doubt about the Special Service Area # 45 (a taxing district authorized by the City of Chicago)'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibility 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 opinions. 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 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 the Special Service Area # 45 (a taxing district authorized by the City of Chicago)'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 the Special Service Area # 45 (a taxing district authorized by the City of Chicago)'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.

### ***Required Supplementary Information***

Management has omitted the management' 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 is 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.

*Ragland, Arnold, Buchanan, Morris & Associates, LLC*  
**RAGLAND, ARNOLD, BUCHANAN, MORRIS & ASSOCIATES, LLC**  
**Certified Public Accountants**

Mokena, Illinois  
May 1, 2023

SPECIAL SERVICE AREA NUMBER 45  
STATEMENTS OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021

	DECEMBER 31, 2022			DECEMBER 31, 2021		
	Governmental Funds	Adjustments	Statement of Net Position	Governmental Funds	Adjustments	Statement of Net Position
<b>ASSETS</b>						
CASH AND CASH EQUIVALENTS (NOTE 4-A & 5)	\$ 121,826	\$ -	\$ 121,826	\$ 323,420	\$ -	\$ 323,420
CURRENT 2021 PROPERTY TAXES RECEIVABLE DUE TO LATE COLLECTIONS	201,288	-	201,288	-	-	-
PROPERTY TAX RECEIVABLE, NET OF ALLOWANCE FOR UNCOLLECTABLE TAXES (NOTE 4-B)	959,085	-	959,085	752,961	-	752,961
DUE FROM FAR SOUTH CDC (NOTE 7)	172,889	-	172,889	13,028	-	13,028
<b>TOTAL ASSETS</b>	<b>\$ 1,455,088</b>	<b>\$ -</b>	<b>\$ 1,455,088</b>	<b>\$ 1,089,409</b>	<b>\$ -</b>	<b>\$ 1,089,409</b>
<b>LIABILITIES</b>						
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 86,896	\$ -	\$ 86,896	\$ 60,221	\$ -	\$ 60,221
<b>TOTAL LIABILITIES</b>	<b>86,896</b>	<b>-</b>	<b>86,896</b>	<b>60,221</b>	<b>-</b>	<b>60,221</b>
<b>DEFERRED INFLOWS</b>						
DEFERRED PROPERTY TAX REVENUE	948,417	(948,417)	-	744,587	(744,587)	-
<b>FUND BALANCES/NET POSITION (NOTE 4-D)</b>						
NON-SPENDABLE COMMITTED	-	-	-	-	-	-
UNASSIGNED (DEFICIT)	419,775	(419,775)	-	284,601	(284,601)	-
<b>TOTAL FUND BALANCE (DEFICIT)</b>	<b>419,775</b>	<b>(419,775)</b>	<b>-</b>	<b>284,601</b>	<b>(284,601)</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 1,455,088</b>	<b>\$ (1,368,192)</b>	<b>\$ 1,368,192</b>	<b>\$ 1,089,409</b>	<b>\$ (1,029,188)</b>	<b>\$ 1,029,188</b>
<b>NET POSITION (NOTE 4-D)</b>						
RESTRICTED	-	-	-	-	-	-
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:						
TOTAL FUND BALANCE-GOVERNMENTAL FUNDS	\$ 419,775		\$ 419,775			\$ 284,601
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.			948,417			744,587
<b>TOTAL NET POSITION-GOVERNMENTAL ACTIVITIES</b>			<b>\$ 1,368,192</b>			<b>\$ 1,029,188</b>

The accompanying notes are an integral part of these financial statements.

SPECIAL SERVICE AREA NUMBER 45  
 STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUNDS, REVENUE, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	DECEMBER 31, 2022			DECEMBER 31, 2021		
	Governmental Funds	Adjustments	Statement of Activities	Governmental Funds	Adjustments	Statement of Activities
<b>REVENUES</b>						
PROPERTY TAXES (NOTE 6)	\$ 708,649	\$ 203,830	\$ 912,479	\$ 698,834	\$ 9,388	\$ 708,222
INTEREST INCOME	41	-	41	7	-	7
<b>TOTAL REVENUE</b>	<b>708,690</b>	<b>203,830</b>	<b>912,520</b>	<b>698,841</b>	<b>9,388</b>	<b>708,229</b>
<b>EXPENDITURES/EXPENSES</b>						
CUSTOMER ATTRACTION (NOTE 10)	95,968	-	95,968	38,416	-	38,416
PUBLIC WAY AESTHETICS	73,372	-	73,372	52,131	-	52,131
SUSTAINABILITY & PUBLIC PLACES	-	-	-	-	-	-
ECONOMIC/BUSINESS DEVELOPMENT	47,500	-	47,500	53,531	-	53,531
SAFETY PROGRAMS	140,850	-	140,850	141,572	-	141,572
SUPPORT SERVICES	215,826	-	215,826	210,507	-	210,507
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>573,516</b>	<b>-</b>	<b>573,516</b>	<b>496,157</b>	<b>-</b>	<b>496,157</b>
<b>TOTAL OF REVENUES OVER (EXPENDITURES)</b>	<b>135,174</b>	<b>203,830</b>	<b>339,004</b>	<b>202,684</b>	<b>9,388</b>	<b>212,072</b>
<b>CHANGE IN NET POSITION (NOTE 3)</b>	<b>135,174</b>	<b>203,830</b>	<b>339,004</b>	<b>202,684</b>	<b>9,388</b>	<b>212,072</b>
<b>FUND BALANCE/NET POSITION</b>						
BEGINNING OF THE YEAR	284,601	744,587	1,029,188	81,917	735,199	817,116
OTHER ADJUSTMENTS (NOTE 8)	-	-	-	-	-	-
END OF YEAR	\$ 419,775	\$ 948,417	\$ 1,368,192	\$ 284,601	\$ 744,587	\$ 1,029,188
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:						
NET CHANGE IN FUND BALANCE-GOVERNMENTAL FUNDS			135,174			202,684
PROPERTY TAX REVENUE IS RECOGNIZED IN THE PERIOD FOR WHICH LEVIED RATHER THAN WHEN "AVAILABLE" FOR GOVERNMENTAL FUNDS			203,830			9,388
			\$ 339,004			\$ 212,072

The accompanying notes are an integral part of these financial statements.

SPECIAL SERVICES AREA NUMBER 45  
STATEMENTS OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	DECEMBER 31, 2022		DECEMBER 31, 2021			
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES:</b>						
Property Taxes	\$ 1,049,260	\$ 708,649	\$ (340,611)	\$ 952,907	\$ 698,834	\$ (254,073)
Interest Income	-	41	41	-	7	7
<b>TOTAL REVENUE</b>	<b>\$ 1,049,260</b>	<b>\$ 708,690</b>	<b>\$ (340,570)</b>	<b>\$ 952,907</b>	<b>\$ 698,841</b>	<b>\$ (254,066)</b>
<b>EXPENDITURES:</b>						
<b>1.00 Customer Attraction</b>						
1.01 Website/Technology	10,000	-	(10,000)	-	-	-
1.02 Special Events	31,903	66,718	34,815	-	-	-
1.04 Social Media Management	2,500	-	(2,500)	-	-	-
1.05 Decorative Banners	-	-	-	10,000	10,000	-
1.06 Holiday Decorations	22,971	29,250	6,279	15,343	20,240	4,897
1.07 Print Materials	5,000	-	(5,000)	5,000	8,176	3,176
Total 1.00 - Customer Attraction	72,374	95,968	23,594	30,343	38,416	8,073
<b>2.00 Public Way Aesthetics</b>						
2.03 Façade Enhancement Program	200,000	5,384	(194,616)	262,500	-	(262,500)
2.06 Public Art	20,000	-	(20,000)	-	-	-
2.08 Sidewalk Maintenance-Service Contract	95,832	67,988	(27,844)	85,000	52,131	(32,869)
Total 2.00 - Public Way Aesthetics	315,832	73,372	(242,460)	347,500	52,131	(295,369)
<b>3.00 Sustainability &amp; Public Places</b>						
3.01 Garbage/Recycling Material Program	7,500	-	(7,500)	-	-	-
Total 3.00 -Sustainability & Public Places	7,500	-	(7,500)	-	-	-
<b>4.00 Economic/Business Development</b>						
4.01 Site Marketing	52,500	47,500	(5,000)	15,000	22,331	7,331
4.07 Economic Impact Study, Market Study	27,500	-	(27,500)	-	-	-
4.08 Master Planning	35,000	-	(35,000)	-	-	-
4.10 Retail Academy	29,500	-	(29,500)	31,200	31,200	-
Total 4.00 - Economic/Business Development	144,500	47,500	(97,000)	46,200	53,531	7,331
<b>5.00 Public Health &amp; Safety Programs</b>						
5.03 Security Patrol Services	260,202	140,850	(119,352)	270,202	141,072	(129,130)
5.04 COVID Related Matters	10,000	-	(10,000)	20,000	500	(19,500)
Total 5.00 - Safety Programs	270,202	140,850	(129,352)	290,202	141,572	(148,630)

The accompanying notes are an integral part of these financial statements.



SPECIAL SERVICES AREA NUMBER 45  
STATEMENTS OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL- (Continued)  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	DECEMBER 31, 2022			DECEMBER 31, 2021		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>EXPENDITURES:</b>						
<b>6.00 SSA Management &amp; Administration Costs</b>						
6.01 SSA Annual Report	7,500	-	(7,500)	-	-	-
6.02 Audit Fees	3,200	3,000	(200)	3,000	3,000	-
6.03 Bookkeeping/Accounting Fees	1,800	1,800	-	1,500	1,500	-
6.04 Office Rent	38,612	38,610	(2)	28,140	25,795	(2,345)
6.05 Office Utilities & Telecommunications	8,800	4,776	(4,024)	10,833	14,565	3,732
6.07 Office Equipment-Lease & Maintenance	7,000	-	(7,000)	6,000	5,000	(1,000)
6.09 Postage	1,000	-	(1,000)	1,000	-	(1,000)
6.12 Banking Fees	1,000	-	(1,000)	1,000	-	(1,000)
6.12.1 Loan Interest Expense	-	-	-	-	224	224
6.16 Storage Space Fees	500	-	(500)	425	-	(425)
6.17 Liability & Property Insurance	900	-	(900)	740	-	(740)
6.18 Conferences & Training	900	-	(900)	740	-	(740)
<b>Total 6.00 - SSA Management &amp; Administration Costs</b>	<b>71,212</b>	<b>48,186</b>	<b>(23,026)</b>	<b>53,378</b>	<b>50,084</b>	<b>(3,294)</b>
<b>7.00 Personnel Expenses</b>						
7.01 Personnel Expenses-Executive Director	26,310	26,310	-	21,321	21,321	-
7.02 Personnel Expenses-Director of Finance	26,475	26,475	-	22,563	22,563	-
7.03 Personnel Expenses-Administrative Assnt	9,890	9,890	-	8,197	8,197	-
7.04 Personnel Expenses-SSA Program Mngr # 45	80,342	80,342	-	77,625	77,078	(547)
7.06 Personnel Expenses-Director of Marketing	-	-	-	26,186	3,750	(22,436)
7.50 Personnel Expenses-Taxes & Fringe Ben	24,623	24,623	-	29,392	27,514	(1,878)
<b>Total 7.00 - Personnel Expenses</b>	<b>167,640</b>	<b>167,640</b>	<b>-</b>	<b>185,284</b>	<b>160,423</b>	<b>(24,861)</b>
<b>8.00 Loss Collection</b>						
8.01 Loss Collection	-	-	-	-	-	-
<b>Total 8.00 - Loss Collection</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>1,049,260</b>	<b>573,516</b>	<b>(475,744)</b>	<b>952,907</b>	<b>496,157</b>	<b>(456,750)</b>
<b>NET EXCESS OF REVENUES OVER (EXPENSES)</b>	<b>\$ -</b>	<b>\$ 135,174</b>	<b>\$ 135,174</b>	<b>\$ -</b>	<b>\$ 202,684</b>	<b>\$ 202,684</b>

The accompanying notes are an integral part of these financial statements.

## **SPECIAL SERVICE AREA NUMBER 45**

### **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

#### **ORGANIZATION**

Far South CDC, (a contractor for) Special Service Area #45 is a not-for-profit Illinois corporation exempt from income tax under Section 501(c) (3) of the U. S. Internal Revenue Code. The Organization which is located within the boundaries of the City of Chicago serves as coordinator and executor of comprehensive plans designed to improve the community business district outlined for the SSA through programs which improve the economic development, aesthetics, marketing and special events for the business district.

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

##### **1. REPORTING ENTITY**

Special Service Area 45 (SSA # 45) provides services on behalf of the City of Chicago (City) within a specified geographic area. These services include promotional and advertising, maintenance of the public way, safety, and other functions. The SSA is exempt from federal income tax under Section 501(c)(3) of the internal revenue code.

##### **2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The financial statements of SSA #45 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).

Government-Wide financial statements (statement of net position and statement of activities) are prepared using the economic resources measurement focus and the accrual basis of accounting for all of the SSA's activities. The Fund Financial Statements, which focus on the SSA's governmental funds current financial resources measurement focus, are prepared on the modified accrual basis.

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

##### **3. 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 are 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 the 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.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenses during the reporting period. Actual results could differ from those estimates.

**Comparative Financial Statements**

Comparative financial statements were presented in full. Prior year amounts were taken from the 2021 audit report, issued in Governmental funds financial statement format at May 2, 2022, with an unmodified opinion.

**4. ASSETS, LIABILITIES, AND INVESTMENTS**

**A. 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. The City of Chicago requires Far South CDC to hold SSA 45 money in a separate account and cannot be comingled with Far South CDC’s other operations. The Organization has no investments as of December 31, 2022 and 2021.

**B. RECEIVABLES**

All property tax receivables are shown net of allowances. For the years ended, December 31, 2022 and 2021, the allowance is estimated to be 1.1% of the outstanding property taxes. The allowance for uncollectible property taxes were \$10,667 and \$8,375, respectively. In November and December of 2022 the second billing of 2021 property taxes were billed later than usual, which led to an additional property tax receivable that was collected in the first three months of 2023. Due to these late collections, \$201,288 was added as a Receivable with no allowance for uncollectible taxes calculated or recorded as this amount is based upon cash actually received in 2023. This receivable is separately stated, due to the unusual timing for 2022 of the billing and most of the collections happening in 2023. Property taxes receivable and deferred revenue are similar amounts, as they are future cash receipts that will be collected in the subsequent year.

	<u>2022</u>	<u>2021</u>
Property Taxes Receivable	\$ 969,752	\$ 761,336
Less: Allowance for Uncollectible Taxes	<u>(10,667)</u>	<u>(8,375)</u>
Net Property Taxes Receivables	<u>\$ 959,085</u>	<u>\$ 752,961</u>
 Current 2021 Property Tax Receivable	 <u>\$ 201,288</u>	 <u>\$ ---</u>

**C. PREPAID ITEMS**

The SSA had no prepaid items as of December 31, 2022 and 2021, respectively.

#### **D. 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 balances 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 (4) 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 asset 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.

#### **5. CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash in a bank deposit account at Harris Bank, which at times, may exceed the FDIC federally insured limits. The SSA has not experienced any losses in such accounts. The Organization believes that the SSA is not exposed to any significant credit risk in cash. As of December 31, 2022 and 2021, cash in bank did not exceed the \$250,000 ceiling for FDIC insurance, respectively.

#### **6. PROPERTY TAXES**

Property taxes become an enforceable lien on real property on January 1<sup>st</sup> of the year it is levied. Taxes are payable in (2) 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 August 1<sup>st</sup>. or 30 days from the mailing of the tax bills if issued later than July 1<sup>st</sup>. 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.

#### **7. RELATED PARTY TRANSACTIONS**

The SSA is affiliated with Far South CDC, which is the service provider for the SSA and pays certain expenses on behalf of the SSA, such as personnel costs, rent and utilities, equipment lease, and line of credit loan and bills the SSA for its portion of the expenses. As of December 31, 2022 and 2021 \$0 and \$0 was payable to Far South CDC from SSA # 45 for services provided. Due to transfers and other prepaid expenses, Far South CDC owes SSA # 45 \$172,889 and \$13,028, respectively as of December 31, 2022 and 2021.

#### **8. OTHER ADJUSTMENTS**

No adjustments were made to fund balance/net position for the year ended December 31, 2022.

No adjustments were made to fund balance/net position for the year ended December 31, 2021.

**9. DATE OF MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through May 1, 2023, the date which the financial statements were originally available to be issued.

**10. CUSTOMER ATTRACTION**

The SSA expenses all the Customer Attraction (advertising and promotions) costs in the year it was incurred. For the years ended, December 31, 2022 and 2021 the total marketing and promotions expense (Customer Attraction) was \$95,968 and \$38,416, respectively.

**11. TIF FUNDS ALLOCATION**

For the last five (5) years, SSA 45 funds have been levied by multiple Tax Increment Funds (TIFs) by about 6% to 32% off the top of 2020 and 2019 Property Tax Levies. This means that even though the levy and budget say that they should have received for the years ended December 31, 2022 and 2021, \$1,049,260 and \$952,907, respectively. The SSA will only receive 68% to 73%, or \$708,649 and \$698,833 for the years ended December 31, 2022 and 2021, respectively. The COVID-19 tax deferrals and exemptions made by the City and Cook County also reduced collections for 2022 and 2021 by about 35% to 40%.

**12. REVENUE RECOGNITION**

The SSA 45 adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (topic 606), effective January 1, 2021. Topic 606 was adopted on a modified retroactive basis, and the Organization determined that there was no cumulative effect to beginning net assets or current revenue, that was required to be disclosed as a result of adopting the standard. The Organization has no contracts with clients, just property taxes and a small interest income. These are treated as a receivable and deferred inflow in the year they are due, as they are collected in the subsequent year. Property tax revenue is recognized in the year they are collected in the Component Units.

**13. LEASE STANDARD**

The SSA 45 adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), which requires a lease to recognize assets and liabilities for leases with lease terms of more than twelve months, as of January 1, 2022. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows existing from a lease by a lease primarily will depend on its classification as a financing or operating lease. However, unlike current GAAP- which requires only capital leases to be recognized on the statement of financial position, the new ASU requires both financing and operating leases to be recognized on the statement of financial position. Various subsequent accounting standards have been issued by FASB that clarify, modify, or expand guidance for Topic 842.

Due to the SSA 45 being a component unit of the City of Chicago, the SSA has no leases that are applicable under this standard. All leases are in the name of the service provider and the service provider allocates a certain percentage of its rent paid for the year ended December 31, 2022 and 2021, respectively.

**SUPPLEMENTAL INFORMATION**

**SPECIAL SERVICE AREA NUMBER 45**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**YEAR ENDED DECEMBER 31, 2022**

We (RABM & Associates, LLC) noted certain expenditures for which actual expenses exceeded original budgeted amounts for the following **expense line items**:

1. Interest Income
2. 1.06-Customer Attraction-Holiday Decorations
3. 1.07-Customer Attraction-Print Materials
4. 4.01-Economic/Business Development-Site Marketing
5. 6.05-SSA Management & Administration Costs-Office Utilities & Telecommunications
6. 6.12.1-SSA Management & Administration Costs-Loan Interest Expense

But, auditors did note that the **overall total** actual expenses did not exceed total budgeted expenses for the year ended December 31, 2021.

We (RABM & Associates, LLC) could not obtain the approved budget amendments for the year ended December 31, 2021.

For the year ended December 31, 2021, Far South CDC owed the SSA #45 \$13,028, due to transfers for January to March 2022 expenses requested and paid. Per City of Chicago Special Service Area guidelines, no receivables should ever be due from the Contractor.

**SPECIAL SERVICE AREA NUMBER 45**  
**SCHEDULE OF CURRENT YEAR AUDIT FINDINGS**  
**YEAR ENDED DECEMBER 31, 2022**

We (RABM & Associates, LLC) noted certain expenditures for which actual expenses exceeded original budgeted amounts for the following **revenue and expense line items**:

1. Interest Income
2. 1.02-Customer Attraction-Special Events
3. 1.06-Customer Attraction-Holiday Decorations

But, auditors did note that the **overall total** actual expenses did not exceed total budgeted expenses for the year ended December 31, 2022.

We (RABM & Associates, LLC) could not obtain the approved budget amendments for the year ended December 31, 2022.

For the year ended December 31, 2022, Far South CDC owed the SSA #45 \$172,889, due to late collections on 2022 property taxes billed for 2021 and Far South transferring funds from SSA #45 to cover 2022 payables and other operating expenses that were not paid until 2023. Per City of Chicago Special Service Area guidelines, no receivables should ever be due from the Contractor.





**Corrective Action Plan for Far South CDC/SPECIAL SERVICE AREA NUMBER 45  
For the Year Ended December 31, 2022**

**Finding 2022-1:**

***Condition***

While analyzing the numbers into the Statements of Revenue and Expenses-Budget vs. Actual, we (RABM) noted certain expenditures for which actual expenses exceeded budgeted amounts for the following revenue and expense line items:

1. Interest Income
2. 1.02-Customer Attraction-Special Events
3. 1.06-Customer Attraction-Holiday Decorations

***Cause***

The Contractor, Far South CDC failed to properly monitor and allocate expenses in accordance with the City of Chicago Department of Planning & Development Special Service Area Guidelines or obtain budget modifications to include the allocation of expenses for the above mentioned line items.

***Response***

The Contractor, Far South CDC will continue to work with their outside accountant and auditor to direct the proper allocation and grouping of expenses going forward to ensure that actual line item expenditures will not exceed budgeted line items per the Special Service Area Audit Guidelines. The Contractor, Far South CDC made significant improvements with this finding from having six (6) line items in revenue and expenses over budget in 2021 and only three (3) with one significant line item in revenue and expenses over budget in 2021 and in 2022.

## **Finding 2022-2:**

### ***Condition***

While analyzing the amounts in the Statements of Revenue and Expenses-Budget vs. Actual, we (RABM) noted that there were at least two (2) significant changes in spending that denoted budget modifications were made. Auditors were unable to obtain these approved budget modifications.

### ***Cause***

The Contractor, Far South CDC failed to obtain and send the budget modifications to the office and to the auditor in accordance with the City of Chicago Department of Planning & Development Special Service Area Guidelines.

### ***Response***

The Contractor, Far South CDC will continue to work with their outside accountant, auditor, and office to obtain the approved budget modifications.

## **Finding 2022-3**

### ***Condition***

While analyzing the Statements of Net Position and Governmental Funds Balance Sheets, we (RABM) noted that as of December 31, 2022, the SSA # 45 had a \$172,889 receivable from Far South CDC.

### ***Cause***

For the year ended December 31, 2022, Far South CDC owed the SSA #45 \$172,889, due to late collections on 2022 property taxes billed for 2021 and Far South transferring funds from SSA #45 to cover 2022 payables and other operating expenses that were not paid until 2023 due to timing issues with the lateness of 2022 second installment collections.

### ***Response***

The Contractor, Far South CDC will work with their outside accountant, auditor, and office to make sure this does not happen again.

Contact Person: Abraham D. Lacy, Executive Director

Email: [lacy@farsouthcdc.org](mailto:lacy@farsouthcdc.org)



**RAGLAND, ARNOLD, BUCHANAN,  
MORRIS & ASSOCIATES, LLC**  
Certified Public Accountants and Management Consultants

9457 Enterprise Drive | Mokena, Illinois 60448 | 708-333-0634 | FAX 708-333-6680

**INDEPENDENT AUDITORS' REPORT ON THE  
ADDITIONAL PROCEDURES PERFORMED BY THE AUDITOR WITH REGARDS TO THE SPECIAL  
SERVICE AREA ANNUAL AUDITED FINANCIAL STATEMENT GUIDELINES**

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. 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 # 45 between the City of Chicago and Far South CDC.

We also reviewed and confirmed that Per Article 5.03, the Contractor established and maintained a separate bank account in Chicago, Illinois and that all service tax funds were automatically deposited into this bank account.

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

*Ragland, Arnold, Buchanan, Morris & Associates*  
LLC

**RAGLAND, ARNOLD, BUCHANAN, MORRIS & ASSOCIATES, LLC**  
Certified Public Accountants

Mokena, Illinois  
May 1, 2023

# State of Illinois

## Department of Financial and Professional Regulation Division of Professional Regulation

LICENSE NO.  
066.004868  
065.031551

The person, firm, or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below:

EXPIRES:  
11/30/2024

### PUBLIC ACCOUNTANT FIRM LICENSE



RAGLAND, ARNOLD, BUCHANAN, MORRIS & ASSOCIATES, LLC  
9457 ENTERPRISE DR  
MOKENA, IL 60448-8319



MARIO TRETO, JR.  
ACTING SECRETARY

CECILIA ABUNDIS  
ACTING DIRECTOR

The official status of this license can be verified at [www.idfpr.com](http://www.idfpr.com)

16304853

Cut on Dotted Line

For future reference, IDFPR is now providing each person/business a unique identification number, 'Access ID', which may be used in lieu of a social security number, date of birth or FEIN number when contacting the IDFPR. Your Access ID is: 4090396

# Exhibit A Budget

## Special Service Area # 45

SSA Name:	SSA 45 103rd St/Halsted
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### 2022 BUDGET SUMMARY

Budget and Services Period: January 1, 2022 through December 31, 2022

CATEGORY (Funded Categories Comprise Scope of Services)	2021 Levy		Carryover Funds	TIF Rebate Fund #	Estimated Late Collections and Interest	Total All Sources
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$41,374	\$15,000	\$2,500	\$0	\$13,500	\$72,374
2.00 Public Way Aesthetics	\$121,832	\$65,000	\$60,000	\$0	\$69,000	\$315,832
3.00 Sustainability and Public Places	\$2,100	\$0	\$2,900	\$0	\$2,500	\$7,500
4.00 Economic/ Business Development	\$74,600	\$27,400	\$10,000	\$0	\$32,500	\$144,500
5.00 Public Health and Safety Programs	\$222,500	\$22,133	\$13,536	\$0	\$12,033	\$270,202
6.00 SSA Management	\$71,212	\$0	\$0	\$0	\$0	\$71,212
7.00 Personnel	\$167,640	\$0		\$0	\$0	\$167,640
<b>Sub-total</b>	<b>\$701,258</b>	<b>\$129,533</b>				
<b>GRAND TOTALS</b>	<b>Levy Total</b>	<b>\$830,791</b>	<b>\$88,936</b>	<b>\$0</b>	<b>\$129,533</b>	<b>\$1,049,260</b>

#### LEVY ANALYSIS

Estimated 2021 EAV:	\$54,207,595
Authorized Tax Rate Cap:	2.000%
Maximum Potential Levy limited by Rate Cap:	\$1,084,152
Requested 2021 Levy Amount:	\$830,791
Estimated Tax Rate to Generate 2020 Levy:	1.5326%