

# Chicago Department of Planning and Development (DPD)

## Special Service Area (SSA) Program

### Audit Report Package Transmittal Checklist

This checklist must be completed by the SSA's auditing firm as part of a single PDF audit report package. On the checklist, enter the starting page number within the PDF for each of the audit report package components listed below. Each required component on the checklist must have a numeric page number, unless otherwise noted.

The SSA Service Provider must upload the PDF package and corresponding budget workplan file to DPD's SharePoint by May 1st. Audit packages submitted via e-mail are not acceptable. Audit packages will be deemed "not submitted" unless uploaded to DPD's SharePoint platform.

SSA Name and Number: **Old Town SSA#48**

SSA Provider Name: **Old Town Merchants & Residents**

Submission Date:

*5. 14. 2020*

Starting PDF Page Number	Audit Report Package Components
	<b>Comparative Financial Statements</b>
<b>3</b>	1. Statement of Net Position and Governmental Fund Balance Sheet - Current Year
<b>3</b>	2. Statement of Net Position and Governmental Fund Balance Sheet - Prior Year
<b>4</b>	3. Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance - Current Year
<b>4</b>	4. Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance - Prior Year
<b>10 &amp; 11</b>	5. Statement of Revenues and Expenditures - Budget and Actual
<b>2</b>	Auditor's Opinion on Financial Statements
<b>12</b>	Schedule of Findings - Current and Prior Year, if applicable *
<b>12</b>	Corrective Action Plan - Current and Prior Year, if applicable*
<b>13</b>	Audit Firm CPA License
<b>14</b>	SSA Budget Summary page - used for comparison of actual expenses for current audit period
(Uploaded Separately)	Final Modified or Amended SSA Budget Workplan (Excel file) Date approved by Commission: <i>10/19/2019</i>
	Note: This budget workplan must correspond to Budget Summary page noted above in audit report package.

\*required if findings exist

**Special Service Area 48**  
**(a taxing district authorized by the City of Chicago)**  
**Managed by Old Town Merchants And Residents Association**

**Financial Statements**  
**December 31, 2019 and 2018**

**Special Service Area 48**  
**Managed by Old Town Merchants and Residents Association**  
**December 31, 2019 and 2018**

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## Independent Auditor's Report

To the Commissioners of  
Special Service Area 48  
Managed by Old Town Merchants and Residents Association

We have audited the accompanying financial statements of Special Service Area 48, (a taxing district authorized by the City of Chicago) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the SSA 48 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.



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Special Service Area 48 as of December 31, 2019 and 2018, 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 22, 2020

**Special Service Area 48**  
**Managed by Old Town Merchants and Residents Association**  
**Statements of Net Position and**  
**Governmental Fund Balance Sheets**  
**December 31, 2019 and 2018**

	2019			2018		
	Governmental Fund	Adjustments	Statement of Net Position	Governmental Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>						
Cash and cash equivalents	\$ 154,633	\$ -	\$ 154,633	\$ 68,507	\$ -	\$ 68,507
Property tax receivable, net allowance for uncollectable taxes of \$5,070 and \$6,426	502,003	-	502,003	476,524	-	476,524
<b>Total Assets</b>	<b>\$ 656,636</b>	<b>\$ -</b>	<b>\$ 656,636</b>	<b>\$ 545,031</b>	<b>\$ -</b>	<b>\$ 545,031</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 26,704	\$ -	\$ 26,704	\$ 11,761	\$ -	\$ 11,761
<b>Total Liabilities</b>	<b>26,704</b>	<b>-</b>	<b>26,704</b>	<b>11,761</b>	<b>-</b>	<b>11,761</b>
<b>DEFERRED INFLOWS</b>						
Deferred property tax revenue	502,003	(502,003)	-	476,524	(476,524)	-
<b>Total Deferred Inflows</b>	<b>502,003</b>	<b>(502,003)</b>	<b>-</b>	<b>476,524</b>	<b>(476,524)</b>	<b>-</b>
<b>FUND BALANCE / NET POSITION</b>						
Unassigned	127,929	(127,929)	-	56,746	(56,746)	-
<b>Total Fund Balance</b>	<b>127,929</b>	<b>(127,929)</b>	<b>-</b>	<b>56,746</b>	<b>(56,746)</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<b>\$ 656,636</b>			<b>\$ 545,031</b>		
<b>Net Position - Unrestricted</b>		<b>\$ (629,932)</b>	<b>\$ 629,932</b>		<b>\$ (533,270)</b>	<b>\$ 533,270</b>
Amounts reported for government activities in the statement of net position are different because:						
Total fund balance - governmental funds			\$ 127,929			\$ 56,746
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.			502,003			476,524
<b>Total net position - governmental activities</b>			<b>\$ 629,932</b>			<b>\$ 533,270</b>

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

**Special Service Area 48**  
**Managed by Old Town Merchants and Residents Association**  
**Statements of Activities and Governmental Fund,**  
**Revenues, Expenditures**  
**and Changes in Fund Balances**  
**For the Years Ended December 31, 2019 and 2018**

	2019			2018		
	Governmental Fund	Adjustments	Statement of Activities	Governmental Fund	Adjustments	Statement of Activities
<b>REVENUES</b>						
Property taxes - net of allowance	\$ 470,418	\$ 25,479	\$ 495,897	\$ 188,807	\$ 286,306	\$ 475,113
TIF rebate	35,384	-	35,384	-	-	-
Interest	65	-	65	13	-	13
<b>Total Revenues</b>	<b>505,867</b>	<b>25,479</b>	<b>531,346</b>	<b>188,820</b>	<b>286,306</b>	<b>475,126</b>
<b>EXPENDITURES</b>						
Customer attraction	4,700	-	4,700	4,947	-	4,947
Public way aesthetics	264,389	-	264,389	86,608	-	86,608
Sustainability and public places	8,658	-	8,658	8,977	-	8,977
Economic / business development	-	-	-	26,104	-	26,104
Safety programs	101,869	-	101,869	48,327	-	48,327
SSA management	8,868	-	8,868	8,454	-	8,454
Personnel	46,200	-	46,200	30,000	-	30,000
<b>Total Expenditures</b>	<b>434,684</b>	<b>-</b>	<b>434,684</b>	<b>213,417</b>	<b>-</b>	<b>213,417</b>
<b>Excess of Revenues over Expenditures</b>	<b>71,183</b>	<b>25,479</b>	<b>96,662</b>	<b>(24,597)</b>	<b>286,306</b>	<b>261,709</b>
<b>Change in Net Position</b>	<b>71,183</b>	<b>25,479</b>	<b>96,662</b>	<b>(24,597)</b>	<b>286,306</b>	<b>261,709</b>
<b>Fund Balance/Net Position</b>						
Beginning of the Year	56,746	476,524	533,270	81,343	190,218	271,561
End of the Year	\$ 127,929	\$ 502,003	\$ 629,932	\$ 56,746	\$ 476,524	\$ 533,270

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

Net change in Fund balance - governmental funds		\$ 71,183		\$ (24,597)
Property tax is recognized in the year it is levied rather than when it is available for governmental funds		25,479		286,306
Change in Net Position		\$ 96,662		\$ 261,709

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

**Special Service Area 48**  
**(a taxing district authorized by the City of Chicago)**  
**Managed by Old Town Merchants and Residents Association**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

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NOTE 1 – Nature of Activities and reporting entity

Special Service Area 48 (“SSA 48”) 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 Old Town Merchants and Residents Association 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. As of January 1, 2019, SSA 48 has been renewed for another 15 years and the service area expanded substantially.

Special Service Area 48 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with the Old Town Merchants and Residents Association to perform administrative duties as the service provider for this SSA during the reporting period. Old Town Merchants and Residents Association is an Illinois not-for-profit corporation, exempt from federal taxes under Section 501c(6) of the Internal Revenue Code.

Special Service Area 48 is roughly bounded by Wells Street from Schiller Avenue to North Avenue and North Avenue from LaSalle Street to Orleans Street. Special Services authorized in Establishment Ordinance include maintenance and beautification activities; security programs; recruitment and promotion of new businesses in the area and retention and promotion of existing businesses in the area; coordinated marketing and promotional activities; strategic planning for the general development of the area; financing of storefront façade and signage improvements; parking and transit programs; and other technical assistance activities to promote commercial and economic development, including, but not limited to, enhanced local land use oversight and control initiatives, community service and predevelopment costs.



**Special Service Area 48**  
**(a taxing district authorized by the City of Chicago)**  
**Managed by Old Town Merchants and Residents Association**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

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NOTE 2 – Summary of Significant Accounting Policies

a. Government-Wide and Fund Financial Statements

The financial statements of the SSA 48 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.

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, 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.

**Special Service Area 48**  
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**Notes to Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

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

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

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

c. Assets, Liabilities 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.

Receivables

All property tax receivables are shown net of allowances. As of December 31, 2019, and 2018, the allowance is estimated to be between 1-4% of the outstanding property taxes.

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 the resolutions. Assigned

**Special Service Area 48**  
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**Notes to Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

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

Fund Equity/Net Position – (Continued)

fund balances is a limitation imposed by a designee of the SSA 48 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 22, 2020, which is the date the financial statements were available to be issued.

NOTE 3 – Cash and Cash Equivalents

SSA 48 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, 2019 and 2018.



**Special Service Area 48**  
**(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**

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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 48.

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 – Related Party Transactions

SSA 48 is affiliated with Old Town Merchants and Residents Association, which shares certain administrative services and personnel costs with the SSA.



## Supplementary Information

**Special Service Area 48**  
**Managed by Old Town Merchants and Residents Association**  
**Schedule of Revenues and**  
**Expenditures - Budget and Actual**  
**December 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUE</b>			
Property revenues and interest - current year	\$ 487,950	\$ 470,483	\$ 17,467
TIF rebates	35,384	35,384	-
	<u>523,334</u>	<u>505,867</u>	<u>17,467</u>
<b>EXPENDITURES</b>			
Customer attraction	26,500	4,700	21,800
Public way aesthetics	273,500	264,389	9,111
Sustainability and public places	22,000	8,658	13,342
Economic/business development	5,384	-	5,384
Safety programs	140,000	101,869	38,131
SSA management	9,750	8,868	882
Personnel	46,200	46,200	-
	<u>523,334</u>	<u>434,684</u>	<u>88,650</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 71,183</u>	<u>\$ (71,183)</u>
<b>CARRYOVER</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 71,183</u>	<u>\$ (71,183)</u>

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

**Special Service Area 48**  
**Managed by Old Town Merchants and Residents Association**  
**Schedule of Revenues and**  
**Expenditures - Budget and Actual**  
**December 31, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUE</b>			
Property revenues and interest - current year	\$ 203,612	\$ 188,820	\$ 14,792
Total revenues	203,612	188,820	14,792
<b>EXPENDITURES</b>			
Customer attraction	20,500	4,947	15,553
Public way aesthetics	110,013	86,608	23,405
Sustainability and public places	22,500	8,977	13,523
Economic/business development	28,000	26,104	1,896
Safety programs	42,199	48,327	(6,128)
SSA management	8,900	8,454	446
Personnel	30,000	30,000	-
Total expenditures	262,112	213,417	48,695
Excess of revenues over expenditures	<u>\$ (58,500)</u>	<u>\$ (24,597)</u>	<u>\$ (33,903)</u>
 <b>CARRYOVER</b>	 <u>58,500</u>	 <u>-</u>	 <u>58,500</u>
 Net revenues in excess of expenses	 <u>\$ -</u>	 <u>\$ (24,597)</u>	 <u>\$ 24,597</u>

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

**Special Service Area 48**  
**(a taxing district authorized by the City of Chicago)**  
**Managed by Old Town Merchants and Residents Association**  
**Summary Schedule of Findings**  
**For the Year Ended December 31, 2019**

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Summary Schedule of Findings

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.

Findings and Questioned Costs for the Year 2019:

None Found

Findings and Questioned Costs for the Year 2018:

SSA 48 expended funds during 2018 in excess of an approved 2018 budget category – Safety Programs.

Corrective Action Plan for the Year 2018 Finding:

The Commission of Special Service Area 48 will pay particularly close attention when creating, approving, and revising annual budgets as well as any annual spending and carryover into the following year.

SSA 48 2019 spending did not exceed the approved budget.



Special Service Area 48  
(a taxing district authorized by the City of Chicago)  
Managed by Old Town Merchants and Residents Association  
For the Year Ended December 31, 2019



# State of Illinois

Department of Financial and Professional Regulation  
Division of Professional Regulation

LICENSE NO.  
066.003986  
065.029428

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:  
11/30/2021

## PUBLIC ACCOUNTANT FIRM LICENSE



EILTS & ASSOCIATES INC  
3729 N RAVENSWOOD AVE STE 117  
CHICAGO, IL 60613-3570



DEBORAH HAGAN  
ACTING SECRETARY



JESSICA BAER  
DIRECTOR

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

13671182

**Special Service Area 48**  
**(a taxing district authorized by the City of Chicago)**  
**Managed by Old Town Merchants and Residents Association**  
**For the Year Ended December 31, 2019**

**Exhibit A**  
**Budget**

	<b>Special Service Area # 48</b>
Service Provider Agency:	Old Town Merchants and Residents Association

**2019 BUDGET SUMMARY**

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

CATEGORY	2018 Levy		Carryover Funds	TIF Rebate Fund #A77	Estimated Late Collections and Interest	Total All Sources
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$21,500	\$5,000	\$0	\$0	\$0	\$26,500
2.00 Public Way Aesthetics	\$258,500	\$0	\$0	\$15,000	\$0	\$273,500
3.00 Sustainability and Public Places	\$17,000	\$0	\$0	\$0	\$5,000	\$22,000
4.00 Economic/ Business Development	\$0	\$0	\$0	\$5,384	\$0	\$5,384
5.00 Safety Programs	\$125,000	\$0	\$0	\$15,000	\$0	\$140,000
6.00 SSA Management	\$9,750	\$0	\$0	\$0	\$0	\$9,750
7.00 Personnel	\$46,200	\$0		\$0	\$0	\$46,200
<b>Sub-total</b>	\$477,950	\$5,000				
<b>GRAND TOTALS</b>	<b>Levy Total</b>	<b>\$482,950</b>	<b>\$0</b>	<b>\$35,384</b>	<b>\$5,000</b>	<b>\$523,334</b>