

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: **Chinatown SSA73**

SSA Provider Name: **Chicago Chinatown 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. Schedules 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 73
(a taxing district authorized by the City of Chicago)
Managed by Chicago Chinatown Chamber of Commerce

Financial Statements
December 31, 2020 and 2019

Special Service Area 73
Managed by Chicago Chinatown Chamber of Commerce
Financial Statements
December 31, 2020 and 2019

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Independent Auditor's Report

To the Commissioners of
Special Service Area 73
Managed by Chicago Chinatown Chamber of Commerce

We have audited the accompanying financial statements of Special Service Area 73, (a taxing district authorized by the City of Chicago) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the SSA 73 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 financial position of Special Service Area 73 as of December 31, 2020 and 2019, and its statements of activities and governmental fund/revenues expenditures and changes in fund balance 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 24, 2021

Special Service Area 73
Managed by Chicago Chinatown 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	\$ 18,316	\$ -	\$ 18,316	\$ 14,061	\$ -	\$ 14,061
Property tax receivable, net allowance for uncollectable taxes of \$170 and \$718	44,400	-	44,400	25,000	-	25,000
TIF rebate receivable	13,111	-	13,111	3,581	-	3,581
Prepaid expenses	2,400	-	2,400	-	-	-
Total Assets	\$ 78,227	\$ -	\$ 78,227	\$ 42,642	\$ -	\$ 42,642
DEFERRED INFLOWS						
Deferred property tax revenue	44,400	(44,400)	-	25,000	(25,000)	-
Total Deferred Inflows	44,400	(44,400)	-	25,000	(25,000)	-
FUND BALANCE / NET POSITION						
Unassigned	33,827	(33,827)	-	17,642	(17,642)	-
Total Fund Balance	33,827	(33,827)	-	17,642	(17,642)	-
Total Deferred Infows and Fund Balance	\$ 78,227			\$ 42,642		
Net Position - Unrestricted		\$ (78,227)	\$ 78,227		\$ (42,642)	\$ 42,642
Amounts reported for government activities in the statement of net position are different because:						
Total fund balance - governmental funds			\$ 33,827			\$ 17,642
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.			44,400			25,000
Total net position - governmental activities			\$ 78,227			\$ 42,642

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

Special Service Area 73
Managed by Chicago Chinatown Chamber of Commerce
Statements of Activities and Governmental Fund,
Revenues, Expenditures
and Changes in Fund Balances
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 - net of allowance	\$ 24,595	\$ 19,400	\$ 43,995	\$ 89,412	\$ (63,650)	\$ 25,762
TIF rebate revenue	9,530	-	9,530	3,581	-	3,581
Total Revenues	34,125	19,400	53,525	92,993	(63,650)	29,343
EXPENDITURES						
Customer attraction	-	-	-	22,811	-	22,811
Public way aesthetics	10,410	-	10,410	69,597	-	69,597
SSA management	2,430	-	2,430	2,850	-	2,850
Personnel	5,100	-	5,100	18,550	-	18,550
Total Expenditures	17,940	-	17,940	113,808	-	113,808
Excess of Revenues over Expenditures	16,185	19,400	35,585	(20,815)	(63,650)	(84,465)
Change in Net Position	16,185	19,400	35,585	(20,815)	(63,650)	(84,465)
Fund Balance/Net Position						
Beginning of the Year	17,642	25,000	42,642	38,457	88,650	127,107
End of the Year	<u>\$ 33,827</u>	<u>\$ 44,400</u>	<u>\$ 78,227</u>	<u>\$ 17,642</u>	<u>\$ 25,000</u>	<u>\$ 42,642</u>
Amounts reported for governmental activities in the statement of activities is different because:						
Net change in Fund balance - governmental funds			\$ 16,185			\$ (20,815)
Property tax is recognized in the year it is levied rather than when it is available for governmental funds			19,400			(63,650)
Change in Net Position			<u>\$ 35,585</u>			<u>\$ (84,465)</u>

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

Special Service Area 73
(a taxing district authorized by the City of Chicago)
Managed by Chicago Chinatown 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 73 (“SSA 73”) is a taxing district authorized by City of Chicago located in Chicago, Illinois. Its scope of services is to fund various activities to support the economic well-being and tourism appeal of the district through programs, services and promotional events. The Chinatown SSA makes Chicago’s Chinatown a welcoming destination for visitors, residents, and businesses alike. 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. SSA 73 was established as of January 1, 2018.

Special Service Area 73 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with the Chicago Chinatown Chamber of Commerce to perform administrative duties as the service provider for this SSA during the reporting period. Chicago Chinatown Chamber of Commerce is an Illinois not-for-profit corporation, exempt from federal taxes under Section 501(c)(6) of the Internal Revenue Code.

Special Service Area 73 is roughly bounded by LaSalle Street from 24th place north to Cullerton Street, and Cullerton Street east to LaSalle Street to west to Stewart Avenue. Special Services authorized an Establishment Ordinance include but are not limited to: public way maintenance and beautification; district marketing and advertising; business retention/attraction, special events and promotional activities; auto and bike transit; security; façade improvements; and other commercial and economic development initiatives.

NOTE 2 – Summary of Significant Accounting Policies

a. Government-Wide and Fund Financial Statements

The financial statements of SSA 73 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).

Special Service Area 73
(a taxing district authorized by the City of Chicago)
Managed by Chicago Chinatown 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 government 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 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 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.

Special Service Area 73
(a taxing district authorized by the City of Chicago)
Managed by Chicago Chinatown 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.

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 fund balance is a limitation imposed by a designee of the SSA 73 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 24, 2021, which is the date the financial statements were available to be issued.

Special Service Area 73
(a taxing district authorized by the City of Chicago)
Managed by Chicago Chinatown 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 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., of which 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

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 SSA 73.

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 73 is affiliated with Chicago Chinatown Chamber of Commerce, which provides certain administrative services of the SSA. As of December 31, 2020, and 2019, there was not a balance in payable for administrative services provided. If there had been a balance in payable, it would have resulted from the time lag that 1) goods and services were provided or reimbursable expenditures occur, 2) transactions were recorded in the accounting system and 3) payments were being made. SSA 73 has no employees of their own, but reimburses Chicago Chinatown Chamber of Commerce for shared payroll and related costs, as well as a portion of its shared operating expenses.

Special Service Area 73
(a taxing district authorized by the City of Chicago)
Managed by Chicago Chinatown Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 7 – 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 decrease in collections of property taxes.

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

Special Service Area 73
Managed by Chicago Chinatown Chamber of Commerce
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property revenues and interest - current year	\$ 25,626	\$ 24,595	\$ 1,031
TIF rebate revenue	-	9,530	(9,530)
	<u>25,626</u>	<u>34,125</u>	<u>(8,499)</u>
EXPENDITURES			
Customer attraction	10,000	-	10,000
Public way aesthetics	22,626	10,440	12,186
Sustainability and public places	1,000	-	1,000
Economic/business development	6,000	-	6,000
Safety programs	3,500	-	3,500
SSA management	7,500	7,500	-
	<u>50,626</u>	<u>17,940</u>	<u>32,686</u>
Excess (deficit) of revenues over expenditures	<u>\$ (25,000)</u>	<u>\$ 16,185</u>	<u>\$ (41,185)</u>
CARRYOVER			
	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 16,185</u>	<u>\$ (16,185)</u>

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

Special Service Area 73
Managed by Chicago Chinatown Chamber of Commerce
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property revenues and interest - current year	\$ 90,086	\$ 89,412	\$ 674
TIF rebate revenue	-	3,581	(3,581)
	<u>90,086</u>	<u>92,993</u>	<u>(2,907)</u>
EXPENDITURES			
Customer attraction	28,236	22,811	5,425
Public way aesthetics	50,100	69,597	(19,497)
Economic/business development	8,800	-	8,800
SSA management	7,800	2,850	4,950
Personnel	18,550	18,550	-
	<u>113,486</u>	<u>113,808</u>	<u>(322)</u>
Excess (deficit) of revenues over expenditures	<u>\$ (23,400)</u>	<u>\$ (20,815)</u>	<u>\$ (2,585)</u>
CARRYOVER			
	<u>23,400</u>	<u>-</u>	<u>23,400</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ (20,815)</u>	<u>\$ 20,815</u>

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

Special Service Area 73
(a taxing district authorized by the City of Chicago)
Managed by Chicago Chinatown 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 Statement Guidelines 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 73 between the City of Chicago and Chicago Chinatown Chamber of Commerce. After conducting the audit, we determined that one exception was noted.

CURRENT YEAR FINDING:

State of Illinois Statute limits the carryover of unspent funds into the following year to 25% of the previous year's budget. SSA 73 will be carrying over in excess of 25% of the year 2020 budget into 2021.

CORRECTIVE ACTION PLAN:

SSA 73 2021 budget includes spending of the excess carryover from 2020.

PRIOR YEAR FINDING:

The actual expended funds from the budget category Public Way Aesthetics exceeded the 2020 approved budget amount.

CORRECTIVE ACTION PLAN – UPDATED:

The Commission of Special Service Area 73 will pay particularly close attention when creating, approving and modifying future annual budgets as well as monitoring actual annual spending so as not to exceed annual budget.

Special Service Area 73
(a taxing district authorized by the City of Chicago)
Managed by Chicago Chinatown Chamber of Commerce
Auditor Professional License
For the Year Ended December 31, 2020



Special Service Area 73
(a taxing district authorized by the City of Chicago)
Managed by Chicago Chinatown Chamber of Commerce
Budget
For the Year Ended December 31, 2020

Exhibit A
Budget

Special Service Area # 73	
SSA Name:	Chinatown

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	\$5,000	\$0	\$5,000	\$0	\$0	\$10,000
2.00 Public Way Aesthetics	\$7,250	\$0	\$14,750	\$0	\$626	\$22,626
3.00 Sustainability and Public Places	\$500	\$0	\$500	\$0	\$0	\$1,000
4.00 Economic/ Business Development	\$3,000	\$0	\$3,000	\$0	\$0	\$6,000
5.00 Safety Programs	\$1,750	\$0	\$1,750	\$0	\$0	\$3,500
6.00 SSA Management	\$7,500	\$0	\$0	\$0	\$0	\$7,500
7.00 Personnel	\$0	\$0	\$0	\$0	\$0	\$0
	Sub-total	\$25,000	\$0	\$0	\$0	\$0
GRAND TOTALS	Levy Total	\$25,000	\$25,000	\$0	\$626	\$50,626

LEVY ANALYSIS

Estimated 2019 EAV:	\$43,628,837
Authorized Tax Rate Cap:	0.800%
Maximum Potential Levy limited by Rate Cap:	\$349,031
Requested 2019 Levy Amount:	\$25,000
Estimated Tax Rate to Generate 2019 Levy:	0.0573%

LEVY CHANGE FROM PREVIOUS YEAR

2018 Levy Total (in 2019 budget)	\$89,368
2019 Levy Total (in 2020 budget)	\$25,000
Percentage Change	-72.03%
Community meeting required if levy amount increases greater than 5% from previous levy.	

CARRYOVER CALCULATION

2019 Budget Total	113,486
2020 Carryover	\$25,000
Percentage	22.029%
Must be less than 25%	