

**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: Northcenter SSA#38

SSA Provider Name: Northcenter Chamber of Commerce

Submission Date: MAY 15 2020

Starting PDF Page Number	Audit Report Package Components
	Comparative Financial Statements
3	1. Statement of Net Position and Governmental Fund Balance Sheet – Current Year
3	2. Statement of Net Position and Governmental Fund Balance Sheet – Prior Year
4	3. Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance – Current Year
4	4. Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance – Prior Year
11 & 12	5. Statement of Revenues and Expenditures – Budget and Actual
2	Auditor's Opinion on Financial Statements
12	Schedule of Findings – Current and Prior Year, if applicable *
n/a	Corrective Action Plan – Current and Prior Year, if applicable*
13	Audit Firm CPA License
14	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: 07 /08 / 2019
	Note: This budget workplan must correspond to Budget Summary page noted above in audit report package.

**required if findings exist*

Special Service Area 38
(a taxing district authorized by the City of Chicago)
Managed by Northcenter Chamber of Commerce

Financial Statements
December 31, 2019 and 2018

Special Service Area 38
(a taxing district authorized by the City of Chicago)
Managed by Northcenter Chamber of Commerce
Financial Statements
December 31, 2019 and 2018
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Independent Auditor's Report

To the Commissioners of Special Service Area 38
Managed by Northcenter Chamber of Commerce
Chicago, Illinois

We have audited the accompanying financial statements of Special Service Area 38, (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 Special Service Area 38 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 positions of Special Service Area 38 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 30, 2020

Special Service Area 38
Managed by Northcenter Chamber of Commerce
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
ASSETS						
Cash and cash equivalents	\$ 40,880	\$ -	\$ 40,880	\$ 74,396	\$ -	\$ 74,396
Property tax receivable, net of allowance	262,400	-	262,400	262,400	-	262,400
TIF rebate receivable	216,485	-	216,485	208,121	-	208,121
Total Assets	\$ 519,765	\$ -	\$ 519,765	\$ 544,917	\$ -	\$ 544,917
LIABILITIES						
Accounts payable and accrued expenses	\$ 3,666	\$ -	\$ 3,666	\$ 2,437	\$ -	\$ 2,437
Due to City of Chicago	5,120	-	5,120	3,469	-	3,469
Total Liabilities	8,786	-	8,786	5,906	-	5,906
DEFERRED INFLOWS						
Deferred property tax revenue	262,400	(262,400)	-	262,400	(262,400)	-
Deferred TIF rebates	-	-	-	-	-	-
Total Deferred Inflows	262,400	(262,400)	-	262,400	(262,400)	-
FUND BALANCE / NET POSITION						
Unassigned	248,579	(248,579)	-	276,611	(276,611)	-
Total Fund balance	248,579	(248,579)	-	276,611	(276,611)	-
Total Liabilities, Deferred Inflows and Fund Balance	\$ 519,765			\$ 544,917		
Net Position - Unrestricted		\$ (510,979)	\$ 510,979		\$ (539,011)	\$ 539,011
Amounts reported for government activities in the statement of net position are different because:						
Total fund balance - governmental funds			\$ 248,579			\$ 276,611
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.			262,400			262,400
			\$ 510,979			\$ 539,011

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

Special Service Area 38
Managed by Northcenter Chamber of Commerce
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
REVENUES						
Property taxes and interest	\$ 246,276	\$ -	\$ 246,276	\$ 196,596	\$ 60,947	\$ 257,543
TIF rebates	21,164	-	21,164	211,613	-	211,613
Total Revenues	267,440	-	267,440	408,209	60,947	469,156
EXPENDITURES						
Customer attraction	25,598	-	25,598	18,154	-	18,154
Public way aesthetics	160,112	-	160,112	173,308	-	173,308
Sustainability and public places	500	-	500	-	-	-
Economic/business development	47,303	-	47,303	8,500	-	8,500
SSA management	14,959	-	14,959	17,413	-	17,413
Personnel	47,000	-	47,000	47,000	-	47,000
Total Expenditures	295,472	-	295,472	264,375	-	264,375
Excess of revenues over expenditures	(28,032)	-	(28,032)	143,834	60,947	204,781
Change in Net Position	(28,032)	-	(28,032)	143,834	60,947	204,781
Fund Balance/Net Position						
Beginning of the Year	276,611	262,400	539,011	132,777	201,453	334,230
End of the Year	<u>\$ 248,579</u>	<u>\$ 262,400</u>	<u>\$ 510,979</u>	<u>\$ 276,611</u>	<u>\$ 262,400</u>	<u>\$ 539,011</u>
Amounts reported for governmental activities in the statement of activities is different because:						
Net change in Fund balance - governmental funds			\$ (28,032)			\$ 143,834
Property tax is recognized in the year it is levied rather than when it is available for governmental funds			-			60,947
Change in Net Position			<u>\$ (28,032)</u>			<u>\$ 204,781</u>

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

Special Service Area 38
(a taxing district authorized by the City of Chicago)
Managed by Northcenter Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 1 – Nature of Activities and Reporting Entity

Special Service Area 38 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 Northcenter 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 38 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with Northcenter Chamber of Commerce to perform administrative duties as the service provider for this SSA during the reporting period. Northcenter 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. Services provided by the SSA include cleaning and beautification activities, coordination of advertising and promotional events, attraction and recruitment of new quality businesses to the area, and technical assistance to existing and potential businesses. The SSA boundaries include properties fronting Irving Park Road from Ravenswood to Western, Lincoln Avenue from Montrose to Addison, and Western from Montrose to Belmont.

NOTE 2 – Summary of Significant Accounting Policies

a. Governmental-Wide and Fund Financial Statements

The financial statements of the SSA 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).

Governmental-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.

Special Service Area 38
(a taxing district authorized by the City of Chicago)
Managed by Northcenter Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

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

Governmental-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.

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.

Special Service Area 38
(a taxing district authorized by the City of Chicago)
Managed by Northcenter Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

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

c. Assets, Liabilities, and Net Position

Cash and cash equivalents

The SSA's cash and cash equivalents are considered to be 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.

Receivables

All property tax receivables are shown net of allowances. As of December 31, 2019, and 2018, the allowance is estimated to be less than 2% of the outstanding property taxes.

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 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.

Special Service Area 38
(a taxing district authorized by the City of Chicago)
Managed by Northcenter Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

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

Fund Equity / Net Position– (Continued)

d. Subsequent Events

Subsequent events have been evaluated through April 30, 2020, which is the date the financial statements were available to be issued.

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, 2019 and 2018.

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 the SSA.

NOTE 5 – Deferred Inflows of Revenue

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

Special Service Area 38
(a taxing district authorized by the City of Chicago)
Managed by Northcenter Chamber of Commerce
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 6 – 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 38 between the City of Chicago and Northcenter Chamber of Commerce. As of December 31, 2019, and 2018, the SSA had total fund balance of \$248,579 and \$276,611, respectively. These funds will be utilized in this special service area during future years.

NOTE 7 – Related Party Transactions

The SSA is affiliated with Northcenter Chamber of Commerce which acts as its sole service provider. Special service area 38 shares office space, equipment, and employees through this affiliation. Special Service Area 38 has no employees of their own, but reimburses Northcenter Chamber of Commerce for payroll and related costs of the individuals working on the programs. It also reimburses Northcenter Chamber of Commerce for a portion of its operating expenses, and allocation of rent and utilities.

NOTE 8 – Accounts Payable and Accrued Expenses

Accounts payable balance at December 31, 2019 and 2018, is \$3,666 and \$2,437, respectively. This balance consists of expenses incurred during the respective year related to management, district planning/reconstitution and snowplowing.

NOTE 9 – Due to City of Chicago

Amounts due to City of Chicago \$5,120 and \$3,469, represent property tax refunds determined/reported but not yet refunded as of December 31, 2019 and 2018, respectively.

NOTE 10 – Prior Period Adjustment

During the year ended December 31, 2019, it was discovered that prior year (2018) TIF rebate revenue was not recorded and reported correctly. As a result, the December 31, 2018 financial statements are restated as follows: Total TIF rebate revenue as originally stated: \$ 3,492. Effect of additional TIF rebate revenue not previously recorded \$208,121. Total TIF rebate revenue as restated: \$211,613

Supplementary Information

Special Service Area 38
Managed by Northcenter 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	\$ 262,400	\$ 246,276	\$ 16,124
TIF rebates	12,800	21,164	(8,364)
	<u>275,200</u>	<u>267,440</u>	<u>7,760</u>
EXPENDITURES			
Customer attraction	33,000	25,598	7,402
Public way aesthetics	165,800	160,112	5,688
Sustainability and public places	6,500	500	6,000
Economic/business development	56,500	47,303	9,197
Safety programs	5,000	-	5,000
SSA management	26,400	14,959	11,441
Personnel	47,000	47,000	-
	<u>340,200</u>	<u>295,472</u>	<u>44,728</u>
Excess of revenues over expenditures	<u>\$ (65,000)</u>	<u>\$ (28,032)</u>	<u>(36,968)</u>
CARRYOVER			
	<u>65,000</u>	<u>-</u>	<u>65,000</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ (28,032)</u>	<u>\$ 28,032</u>

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

Special Service Area 38
Managed by Northcenter Chamber of Commerce
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property revenues and interest	\$ 254,827	\$ 196,596	\$ 58,231
TIF rebates	3,492	211,613	(208,121)
Late collections and interest thereon	<u>3,295</u>	<u>-</u>	<u>3,295</u>
Total revenues	261,614	408,209	(146,595)
EXPENDITURES			
Customer attraction	19,500	18,154	1,346
Public way aesthetics	183,140	173,308	9,832
Sustainability and public places	6,000	-	6,000
Economic/business development	58,500	8,500	50,000
Safety programs	3,295	-	3,295
SSA management	28,819	17,413	11,406
Personnel	<u>47,000</u>	<u>47,000</u>	<u>-</u>
Total expenditures	<u>346,254</u>	<u>264,375</u>	<u>81,879</u>
Excess of revenues over expenditures	<u>\$ (84,640)</u>	<u>\$ 143,834</u>	<u>(228,474)</u>
CARRYOVER			
	<u>84,640</u>	<u>-</u>	<u>84,640</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 143,834</u>	<u>\$ (143,834)</u>

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

Special Service Area 38
(a taxing district authorized by the City of Chicago)
Managed by Northcenter Chamber of Commerce
Summary Schedule of Findings
For the Year Ended December 31, 2019

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 38, between the City of Chicago and Northcenter Chamber of Commerce.

The auditor's report expresses an unmodified opinion on the financial statements of Special Service Area 38 for the year ended December 31, 2019. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.

CURRENT YEAR FINDINGS:

None found

PRIOR YEAR FINDINGS:

None found

Special Service Area 38
(a taxing district authorized by the City of Chicago)
Managed by Northcenter Chamber of Commerce
For the Year Ended December 31, 2019



Special Service Area 38
(a taxing district authorized by the City of Chicago)
Managed by Northcenter Chamber of Commerce
For the Year Ended December 31, 2019

Exhibit A
Budget

Special Service Area # 38

Service Provider Agency:	Northcenter Chamber of Commerce
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2019 BUDGET SUMMARY

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

CATEGORY	2018 Levy		Carryover Funds	TIF Rebate Fund #	Estimated Late Collections and Interest	Total All Sources
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$11,500	\$0	\$21,500	\$0	\$0	\$33,000
2.00 Public Way Aesthetics	\$153,000	\$0	\$0	\$12,800	\$0	\$165,800
3.00 Sustainability and Public Places	\$0	\$0	\$6,500	\$0	\$0	\$6,500
4.00 Economic/ Business Development	\$19,500	\$0	\$37,000	\$0	\$0	\$56,500
5.00 Safety Programs	\$5,000	\$0	\$0	\$0	\$0	\$5,000
6.00 SSA Management	\$26,400	\$0	\$0	\$0	\$0	\$26,400
7.00 Personnel	\$47,000	\$0	\$0	\$0	\$0	\$47,000
Sub-total	\$262,400	\$0	\$0	\$0	\$0	\$0
GRAND TOTALS	Levy Total	\$262,400	\$65,000	\$12,800	\$0	\$340,200