

**Special Service Area #59  
Financial Statements and  
Independent Auditor's Report**

**December 31, 2020 and 2019**

**Special Service Area #59  
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December 31, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Special Service Area #59  
Chicago, Illinois

### Report on Financial Statements

We have audited the accompanying financial statements of Special Service Area #59 (a nonprofit organization), which comprise the statements of net position and governmental funds balance sheets as of December 31, 2020 and 2019, and the related statements of activities and governmental funds revenues, expenditures and changes in fund balance, and statements of revenues and expenditures – budget and actual for the years then ended, and the related notes to the financial statements.

### 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 as applied to governmental units and prescribed by the Governmental Accounting Standards Board; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area #59 as of December 31, 2020 and 2019, and the changes in its fund balance/net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Evolve Financial I". The signature is written in a cursive, flowing style.

Evolve Financial I

Taxpayer Identification Number  
46-3683619

October 26, 2021

Lead Auditor: Michael R. Sieczkowski II, CPA  
IL License No.: 065.035219

**Special Service Area #59  
Statements of Net Position and  
Governmental Funds Balance Sheets  
December 31, 2020 and 2019**

	2020			2019		
	Governmental Funds	Adjustments	Statement of Net Position	Governmental Funds	Adjustments	Statement of Net Position
<b>ASSETS</b>						
Cash and cash equivalents	\$ 138,862	\$ -	\$ 138,862	\$ 17,339	\$ -	\$ 17,339
Property Tax Receivable, Net of Allowance for Uncollectible Taxes of \$13,500	225,001	-	225,001	274,570	-	274,570
Interest receivable	-	-	-	8	-	8
<b>Total Assets</b>	<b>\$ 363,863</b>	<b>\$ -</b>	<b>\$ 363,863</b>	<b>\$ 291,917</b>	<b>\$ -</b>	<b>\$ 291,917</b>

**LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE/NET POSITION**

<b>Liabilities:</b>						
Due to SSA Service Provider	\$ 56,627	\$ -	\$ 56,627	\$ -	\$ -	\$ -
Accounts payable	-	-	-	185	-	185
Deferred Property Tax Revenue Inflow	213,538	(213,538)	-	256,354	(256,354)	-
<b>Total Liabilities</b>	<b>270,165</b>	<b>(213,538)</b>	<b>56,627</b>	<b>256,539</b>	<b>(256,354)</b>	<b>185</b>
Fund Balance, Unassigned	93,698	(93,698)	-	35,378	(35,378)	-
<b>Total Liabilities, Deferred Inflows, and Fund Balance</b>	<b>\$ 363,863</b>			<b>\$ 291,917</b>		
<b>Net Position, Restricted</b>		<b>\$ (307,236)</b>	<b>\$ 307,236</b>		<b>\$ (291,732)</b>	<b>\$ 291,732</b>

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

Total fund balance - governmental funds	\$ 93,698	\$ 35,378
Property tax revenue is recognized in the period in which funds are levied rather than when "available". A portion of the property tax is deferred as it is not available in the governmental funds.	213,538	256,354
<b>Total net position - governmental activities</b>	<b>\$ 307,236</b>	<b>\$ 291,732</b>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**Special Service Area #59**  
**Statements of Activities and**  
**Governmental Funds, Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Years Ended December 31, 2020 and 2019**

	2020			2019		
	Governmental Funds	Adjustments	Statement of Activities	Governmental Funds	Adjustments	Statement of Activities
<b>Revenues</b>						
Tax Collections from the City of Chicago	\$ 220,806	\$ (42,816)	\$ 177,990	\$ 218,534	\$ 40,100	\$ 258,634
Interest Income	253	-	253	62	-	62
<b>Total revenues</b>	<b>221,059</b>	<b>(42,816)</b>	<b>178,243</b>	<b>218,596</b>	<b>40,100</b>	<b>258,696</b>
<b>Expenses</b>						
Advertising and Promotion	15,380	-	15,380	-	-	-
Public Way Maintenance and Aesthetics	42,159	-	42,159	47,777	-	47,777
Safety programs	36,618	-	36,618	129,763	-	129,763
SSA Management	50,749	-	50,749	47,657	-	47,657
Personnel	17,833	-	17,833	18,515	-	18,515
<b>Total expenses</b>	<b>162,739</b>	<b>-</b>	<b>162,739</b>	<b>243,712</b>	<b>-</b>	<b>243,712</b>
<b>Excess of Revenues Over Expenses</b> <b>(Excess of Expenses Over Revenues)</b>	<b>58,320</b>	<b>(58,320)</b>		<b>(25,116)</b>	<b>25,116</b>	
<b>Change in Fund Balance/Net Position</b>		<b>15,504</b>	<b>15,504</b>		<b>14,984</b>	<b>14,984</b>
Fund Balance/Net Position, Beginning of Year	35,378	256,354	291,732	60,494	216,254	276,748
<b>Fund Balance/Net Position, End of Year</b>	<b>\$ 93,698</b>	<b>\$ 213,538</b>	<b>\$ 307,236</b>	<b>\$ 35,378</b>	<b>\$ 256,354</b>	<b>\$ 291,732</b>

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

Net change in Fund balance - governmental funds	\$ 58,320	\$ (25,116)
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds	(42,816)	40,100
	<u>\$ 15,504</u>	<u>\$ 14,984</u>

See Independent Auditor's Report.  
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**Special Service Area #59**  
**Statements of Revenues and Expenditures**  
**Budget and Actual**  
**Years Ended December 31, 2020 and 2019**

	2020			2019		
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
Revenues						
Property Taxes	\$ 256,354	\$ 220,806	\$ (35,548)	\$ 250,989	\$ 218,534	\$ (32,455)
Interest	-	253	253	-	62	62
Total Revenues	<u>256,354</u>	<u>221,059</u>	<u>(35,295)</u>	<u>250,989</u>	<u>218,596</u>	<u>(32,393)</u>
Advertising and Promotion						
Website	500	-	500	500	-	500
Special Events	1,928	-	1,928	1,928	-	1,928
Decorative banners	1,659	15,380	(13,721)	1,659	-	1,659
Print materials	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Advertising and Promotion	<u>5,087</u>	<u>15,380</u>	<u>(10,293)</u>	<u>5,087</u>	<u>-</u>	<u>5,087</u>
Public Way Maintenance and Aesthetics						
Acid etching removal and/or prevention	2,500	-	2,500	2,500	-	2,500
Landscaping (plants, watering, etc.)	1,500	29,247	(27,747)	1,500	12,386	(10,886)
Façade Enhancement Program - Rebates	37,000	6,061	30,939	35,000	22,400	12,600
Way Finding/Signage	12,464	3,000	9,464	15,500	5,800	9,700
Public art	1,000	3,390	(2,390)	1,000	-	1,000
Sidewalk maintenance - materials and supplies	<u>6,502</u>	<u>461</u>	<u>6,041</u>	<u>11,752</u>	<u>-</u>	<u>11,752</u>
Total Public Way Maintenance and Aesthetics	<u>60,966</u>	<u>42,159</u>	<u>18,807</u>	<u>67,252</u>	<u>40,586</u>	<u>26,666</u>

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**Special Service Area #59**  
**Statements of Revenues and Expenditures**  
**Budget and Actual - (Continued)**  
**Years Ended December 31, 2020 and 2019**

	2020			2019		
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>Safety programs</b>						
Safety improvement program - rebates	15,000	33,258	(18,258)	15,000	38,083	(23,083)
Security patrol Services	104,829	3,360	101,469	122,104	91,680	30,424
<b>Total Safety programs</b>	<b>119,829</b>	<b>36,618</b>	<b>83,211</b>	<b>137,104</b>	<b>129,763</b>	<b>7,341</b>
<b>SSA Management</b>						
SSA audit	1,960	4,133	(2,173)	1,960	4,000	(2,040)
Bookkeeping	13,827	13,824	3	13,827	14,350	(523)
Office rent	2,000	2,000	-	3,000	1,374	1,626
Office utilities	100	1,259	(1,159)	100	3,554	(3,454)
Office supplies	100	159	(59)	100	584	(484)
Office equipment lease/maintenance	100	290	(190)	100	2,763	(2,663)
Office printing	1,430	711	719	1,430	-	1,430
Postage	1,974	76	1,898	1,974	667	1,307
Meeting expense	300	88	212	300	65	235
Subscriptions/dues	50	-	50	50	-	50
Equipment purchase/maintenance	1,000	36	964	1,000	-	1,000
Supplies	1,000	133	867	1,000	-	1,000
Liability/property insurance	3,000	3,000	-	3,000	-	3,000
IT Monitoring services	-	-	-	-	3,500	(3,500)
GIS & Outreach consultants	25,798	25,040	758	16,800	16,800	-
<b>Total SSA Management</b>	<b>52,639</b>	<b>50,749</b>	<b>1,890</b>	<b>44,641</b>	<b>47,657</b>	<b>(3,016)</b>

See Independent Auditor's Report.  
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**Special Service Area #59**  
**Statements of Revenues and Expenditures**  
**Budget and Actual - (Continued)**  
**Years Ended December 31, 2020 and 2019**

	2020			2019		
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
Personnel						
Adrian Soto, Executive Director	9,250	9,250	-	9,258	8,228	1,030
Jose Navarrette, Sidewalk Cleaner	6,729	6,729	-	6,729	7,191	(462)
Isaiah James, Outreach Manager	1,854	1,854	-	1,854	1,824	30
Nick Koliias, Commercial Director	-	-	-	6,158	5,641	517
Erika Gonzalez, Office Manager	-	-	-	2,840	2,822	18
Total Personnel	17,833	17,833	-	26,839	25,706	1,133
Loss Collection						
Loss Collection (Unpaid Taxes)	12,659	-	12,659	11,795	-	11,795
Total Expenses	269,013	162,739	106,274	292,718	243,712	49,006
Revenues over Expenses (Expenses over Revenues)	\$ (12,659)	\$ 58,320	\$ 70,979	\$ (41,729)	\$ (25,116)	\$ 16,613

See Independent Auditor's Report.  
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**Special Service Area #59**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 1. Organization and Nature of Operations**

Greater Southwest Development Corporation (GSDC) is the catalyst for creating and maintaining a vital greater southwest Chicago community by empowering, building, and sustaining development to raise the quality of life for its neighborhood residents, businesses, and industries.

Special Service Areas (SSA) are local tax districts that fund expanded services and programs through a localized property tax levy within contiguous areas. The enhanced services and programs are in addition to those currently provided through the city. SSA funded projects typically 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; facade improvements; and other commercial and economic development initiatives.

Special Service Area #59 (SSA #59) was established by the City of Chicago and is administered by GSDC. It represents a specified geographic area within the city from which a portion of the property tax collections are allocated thereto. The defined territory in whole or in part is encompassed by the following: both sides of 59th Street from the west side of Bell Street to the east side of Spaulding Street; the south side of 59th Street from the west side of Spaulding Street to the east side of Homen Avenue; the west side of Bell Street from the north side of 59th Street to the north side of 61st Street; both sides of Western Avenue from the south side of 56th Street to the north side of 60th Street; the east side of Western Avenue from 59th Street to one parcel north of 61st Street; both sides of Kedzie Avenue from the north side of 60th Street to the south side of 57th Street.

The city has contracted with GSDC to manage SSA #59 activities. GSDC provides and/or coordinates the provision of SSA services, which may include hiring staff and/or subcontractors as needed to fulfill the SSA work plan. GSDC also generates program reports to the City's Departments of Planning and Development, SSA Commission, aldermen, and the community via such means as meeting minutes, reports and/or newsletters. GSDC may also assist with the recruitment of SSA Commissioners.

**Note 2. Significant Accounting Policies**

*Government-Wide and Fund Financial Statements*

The financial statements of the SSA 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 a modified accrual basis.

**Special Service Area #59**  
**Notes to Financial Statements - (Continued)**  
**December 31, 2020 and 2019**

**Note 2. Significant Accounting Policies - (Continued)**

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

*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 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 a 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.

*Cash and Cash Equivalents*

All highly liquid investments with an initial maturity of three months or less, excluding amounts contained in investment portfolios, are considered to be cash equivalents.

Any certificates of deposit purchased with a maturity of three to twelve months are considered to be cash equivalents and are recorded at cost. These investments should be reflected at their market values, along with any unrealized gain or loss. However, the effect of using the cost method of valuation is not materially different from the results that would have been obtained under the market valuation method.

*Concentrations of Credit Risk*

Financial instruments, which potentially subject the entity to concentrations of credit risk, consist principally of cash. SSA #59 maintains its cash in various bank deposit accounts, which, at times, may exceed federally insured limits. SSA #59 has not experienced any losses in such accounts.

*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 of Commissioners through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the SSA Board of Commissioners. Unassigned fund balance is the net resources in excess of what can be properly classified in one of the previously mentioned four categories.

**Special Service Area #59**  
**Notes to Financial Statements - (Continued)**  
**December 31, 2020 and 2019**

**Note 2. Significant Accounting Policies - (Continued)**

Income Taxes

SSA #59 is exempt from federal, state, and local income taxation as it is a non-taxpaying entity created by the City of Chicago, established solely for the purpose of the development of the community; SSA #59 receives funding directly from local property tax collections.

Use of Estimates

The preparation of financial statements 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.

**Note 3. Concentration of Revenues, Accounts Receivable, and Carryforward**

All revenues (except interest on short-term investments and interest-bearing cash accounts) are received from the City of Chicago and are to be used for rehabilitating, advertising, promoting, and maintaining the defined area. Future operations could be affected by changes in the economic or other conditions in that geographical area and/or by changes in the availability of city funding.

All property tax receivables are shown net of allowances. The allowance is estimated to be approximately 6% and 5% of outstanding property taxes at December 31, 2020 and 2019, respectively.

There was a surplus (revenues over expenses) of \$58,320 for the years ended December 31, 2020, to be used as a carryforward by the City for the 2022 budget.

**Note 4. 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 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 normally due on 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 Cook County. Bills are issued and collected by Cook County, who remits the SSA's share to the City of Chicago, who then remits funds to the SSA.

**Note 5. Related Party Transactions**

During the normal course of business there are expenses paid on SSA #59's behalf and allocated overhead costs from GSDC to SSA #59. The amount due to GSDC for these types of reimbursable costs was \$56,627 at December 31, 2020. There were no amounts due to GSDC for these types of reimbursable costs at December 31, 2019.

Expenses charged to SSA #59 by GSDC as reimbursement of overhead, including payroll, and SSA #59 expenses paid by GSDC for the years ended December 31, 2020 and 2019, amounted to \$74,963 and \$66,494, respectively.

**Special Service Area #59**  
**Notes to Financial Statements - (Continued)**  
**December 31, 2020 and 2019**

**Note 6. Litigation, Risk, and Contingencies**

In the normal course of business, GSDC (including SSA #59) may be named as a defendant in various legal actions. As of October 26, 2021, GSDC is not aware of any pending litigation or other loss contingencies that would require recognition or disclosure of any contingent liabilities in the SSA #59 financial statements at December 31, 2020 and 2019.

**Note 7. Reallocation of Budget Line Items**

The Board of Commissioners formally voted on and approved all reallocation of expenses from those originally submitted in the budget provided to the City of Chicago. Under Section 5.02, Budget for Services of the Service Provider Agreement, the SSA #59 has the right to transfer funds between line items or make budget revisions that do not affect the total budget.

**Note 8. Subsequent Events**

GSDC management has evaluated the December 31, 2020 and 2019 financial statements of SSA #59 for subsequent events affecting SSA #59 through October 26, 2021, the date the financial statements were available to be issued. GSDC is not aware of any additional subsequent events that would require recognition or disclosure in the accompanying financial statements.

## **SUPPLEMENTAL INFORMATION**

**Special Service Area #59  
Summary Schedule of Findings  
December 31, 2020 and 2019**

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, we have read the requirements contained in the Agreement for SSA #59 between the City of Chicago and Greater Southwest Development Corporation. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters, of which, we had no knowledge.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, the findings to report are as follows:

**2020-01 – Late filing of 2020 Audit Reporting Package**

The 2020 audit reporting package was not provided to the City of Chicago’s Department of Planning and Development by the May 1<sup>st</sup> deadline.

Criteria:

The deadline to upload the annual SSA audit reporting package to the City of Chicago’s Department of Planning and Development’s SharePoint portal is May 1<sup>st</sup> following the SSA’s year-end.

Service Provider Comments and Corrective Action Plan:

As the result of COVID-19 and other external matters outside of GSDC’s control, there was turnover within the Organization’s accounting department during 2020/’21, which caused delays in the reconciling of the SSA’s account balances.

GSDC management believes that they have resolved the matter by hiring a permanent accounting manager who has demonstrated that she has the experience and skill-set to close the SSA’s books in a timely manner necessary to complete the annual audit and submit the audit reporting package to the City’s DPD by the May 1st deadline going forward.

**2019 – None Noted**