

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: **Oak Street SSA 75**

SSA Provider Name: **Oak Street Council**

Submission Date: **May 2, 2022**

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
13-14	5. Schedules of Revenues and Expenditures – Budget and Actual
4-5	Auditor's Opinion on Financial Statements
15	Schedule of Findings – Current and Prior Year, if applicable
15	Corrective Action Plan – Current and Prior Year, if applicable (if findings)*
16	Audit Firm CPA License
17	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 75
Managed by Oak Street Council
(a taxing district authorized by the City of Chicago)
Financial Statements
December 31, 2021

**Special Service Area 75
Managed by Oak Street Council
Financial Statements
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Independent Auditor's Report

To the Commissioners of
Special Service Area 75
Managed by Oak Street Council

Opinion

We have audited the accompanying financial statements of Special Service Area 75, (SSA75) (a taxing district authorized by the City of Chicago) which comprise the SSA75 basic financial statements as listed in the table of contents as of and for the year ended December 31, 2021, and the related notes to the financial statements. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SSA75 as of December 31, 2021, and the changes in its fund balance/net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SSA75 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SSA75's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SSA75's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SSA75's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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, is 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 8, 2022

Special Service Area 75
Managed by Oak Street Council
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2021

	Governmental Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and Cash Equivalents	\$ 85,277	\$ -	\$ 85,277
Property Tax Receivable, Net of Allowance	272,292	-	272,292
Total Assets	<u>\$ 357,569</u>	<u>\$ -</u>	<u>\$ 357,569</u>
LIABILITIES			
Accounts Payable	24,988	-	24,988
Total Liabilities	24,988	-	24,988
DEFERRED INFLOWS			
Deferred Property Tax Revenue	272,292	(272,292)	-
Total Deferred Inflows	272,292	(272,292)	-
FUND BALANCE / NET POSITION			
Unassigned	60,289	(60,289)	-
Total Fund Balance	60,289	(60,289)	-
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 357,569</u>		
Net Position - Unrestricted		<u>\$ (332,581)</u>	<u>\$ 332,581</u>

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

Total fund balance - governmental funds	\$ 60,289
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.	<u>272,292</u>
Total net position - governmental activities	<u>\$ 332,581</u>

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

**Special Service Area 75
Managed by Oak Street Council
Statement of Activities and Governmental Fund,
Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2021**

	Governmental Fund	Adjustments	Statement of Activities
REVENUES			
Property Revenues and Interest	\$ 273,030	\$ 272,292	\$ 545,322
Bank Interest	4	-	4
Total Revenues	273,034	272,292	545,326
EXPENDITURES/EXPENSES			
Customer Attraction	116,423	-	116,423
Public Way Aesthetics	40,784	-	40,784
Economic Business Development	24,988	-	24,988
Total Services Expense	182,195	-	182,195
SSA Management	30,550	-	30,550
Total Administration Expense	30,550	-	30,550
Total Expenditures	212,745	-	212,745
Excess of Revenue Over Expenditures	60,289	272,292	332,581
Change in Net Position	60,289	272,292	332,581
Fund Balance/Net Position			
Beginning of the Year	-	-	-
End of the Year	\$ 60,289	\$ 272,292	\$ 332,581

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

Net Change in Fund Balance - Governmental Funds	\$ 60,289
Property Tax is recognized in the year it is levied rather than when it is available for Governmental Funds	272,292
Change in Net Position	\$ 332,581

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

Special Service Area 75
(a taxing district authorized by the City of Chicago)
Managed by Oak Street Council
Notes to Financial Statements
December 31, 2021

NOTE 1 – Nature of Activities and Reporting Entity

Special Service Area (SSA) 75 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 Oak Street Business Corridor. 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 Oak Street Council.

Special Service Area 75 is governed by a volunteer Commission whose members are appointed by the Mayor of Chicago and confirmed by City Council. The City of Chicago contracted with the Oak Street Council to perform administrative duties as the service provider agency for this SSA during the reporting period. The Oak Street Council is an Illinois not-for-profit corporation, exempt from federal taxes under Section 501c(6) of the Internal Revenue Code.

The primary source of funds for SSA 75 is real estate taxes on properties within the SSA district. SSA 75 is located in the heart of the luxury shopping district in the Gold Coast, and supports a vibrant, safe, clean, beautiful, and welcoming commercial district filled with attractive, world-class luxury retail and services, and cultural and entertainment options that meet the needs of local residents and attract visitors.

In 2020, the Oak Street Council successfully met the City requirements to constitute SSA 75 along Oak St between Michigan Ave. and Rush St. for an initial 10-year term, from 2020 through 2029. Services provided by the SSA are initially focusing on safety, public way aesthetics, and customer attraction, though SSA 75 is authorized to provide the scope of SSA services detailed in the SSA 75 Establishment Ordinance.

NOTE 2 – Summary of Significant Accounting Policies

a. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all the activities of the Special Service Area. Governmental activities include those items funded by the tax levies. While separate governmental activities incorporate data from the governmental funds. The fund financial statements are on major governmental funds. The commission reports one major governmental fund, the General Fund.

Special Service Area 75
(a taxing district authorized by the City of Chicago)
Managed by Oak Street Council
Notes to Financial Statements
December 31, 2021

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

b. Basis of Accounting and Financial Statement Presentation:

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 measureable 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 financial statements of the SSA have been prepared in conformity with the 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 the establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

The preparation of financial statement 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 liquid 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, 2021, no allowance was deemed necessary by management of the outstanding property taxes.

Special Service Area 75
(a taxing district authorized by the City of Chicago)
Managed by Oak Street Council
Notes to Financial Statements
December 31, 2021

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

c. Assets, Liabilities, and Net Position – (continued)

Fund Equity/Net Position

Government 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 enabling legislation or an outside party. Committed fund balance is a limitation 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 a net resource 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 8, 2022, which is the date the financial statements were available to be issued.

NOTE 3 – Cash and Cash Equivalents

Highly liquid investments with an initial maturity of three months or less, excluding amounts contained in investment portfolios, are considered to be cash equivalents. The SSA maintains its cash in a bank deposit account, which, at times, may exceed federally insured limits. The Organization had not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk in cash.

Special Service Area 75
(a taxing district authorized by the City of Chicago)
Managed by Oak Street Council
Notes to Financial Statements
December 31, 2021

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.

NOTE 5 – Accounts Payable and Accrued Expenses

Accounts payable balance at December 31, 2021 is \$24,988. This balance consists of expenses and services received during the respective year related to vendor services.

NOTE 6 – 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.

NOTE 7 – 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 75 between the City of Chicago and Oak Street Council. As of December 31, 2021, the SSA total fund balance of \$60,289. These funds will be utilized in this special area during future years.

NOTE 8 – Related Party Transactions

The SSA is affiliated with the Oak Street Council, which provides certain administrative services for SSA75. As of December 31, 2021, there was \$24,988, payable to Oak Street Council, for services or goods provided to SSA75. Payable balances resulted from the time lag that 1) goods and services are being provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments are being made.

Special Service Area 75
(a taxing district authorized by the City of Chicago)
Managed by Oak Street Council
Notes to Financial Statements
December 31, 2021

NOTE 9 – Risks and Uncertainties

COVID-19, a worldwide pandemic, has continued to present significant effects on global markets, supply chains, businesses, and communities. Specific to the SSA, COVID-19 may impact various parts of its 2022 operations and financial results, including potential reduction and delays in the collectability of property tax levies.

Management believes the SSA is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 outbreak continues 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, 2022.

Supplementary Information

Special Service Area 75
Managed by Oak Street Council
Schedule of Revenues and Expenditures - Budget and Actual
December 31, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property Taxes and Interest	\$ 272,292	\$ 273,030	\$ (738)
Bank Interest	-	4	(4)
	<u>272,292</u>	<u>273,034</u>	<u>(742)</u>
Total Revenues	272,292	273,034	(742)
EXPENDITURES			
Customer Attraction	117,000	116,423	577
Public Way Aesthetics	73,679	40,784	32,895
Economic Business Development	24,988	24,988	-
Public Health and Safety Programs	22,000	-	22,000
SSA Management	34,625	30,550	4,075
	<u>272,292</u>	<u>212,745</u>	<u>59,547</u>
Total Expenditures	272,292	212,745	59,547
Excess (Deficit) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 60,289</u>	<u>\$ (60,289)</u>
CARRYOVER			
	<u>-</u>	<u>-</u>	<u>-</u>
Net Revenues In Excess (Deficit) of Expenditures	<u>\$ -</u>	<u>\$ 60,289</u>	<u>\$ (60,289)</u>

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

Special Service Area 75
(a taxing district authorized by the City of Chicago)
Managed by Oak Street Council
Summary Schedule of Audit Findings
For the Year Ended December 31, 2021

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. After conducting the audit, we determined that no exceptions were noted.

The auditor's report expresses an unmodified opinion on the financial statements of Special Service Area 75. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.

CURRENT YEAR FINDINGS:

No findings

Special Service Area 75
Managed by Oak Street Council
State of Illinois Professional CPA License
December 31, 2021



Special Service Area 75
 Managed by Oak Street Council
 Budget
 December 31, 2021

Special Service Area # 75	
SSA Name:	Oak Street

2021 BUDGET SUMMARY

Budget and Services Period: January 1, 2021 through December 31, 2021

CATEGORY <small>(Funded Categories Comprise Scope of Services)</small>	2020 Levy		Carryover Funds	TIF Rebate Fund #	Estimated Late Collections and Interest	Total All Sources
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$117,000	\$0	\$0	\$0	\$0	\$117,000
2.00 Public Way Aesthetics	\$73,679	\$0	\$0	\$0	\$0	\$73,679
3.00 Sustainability and Public Places	\$0	\$0	\$0	\$0	\$0	\$0
4.00 Economic/ Business Development	\$24,988	\$0	\$0	\$0	\$0	\$24,988
5.00 Safety Programs	\$22,000	\$0	\$0	\$0	\$0	\$22,000
6.00 SSA Management	\$34,625	\$0	\$0	\$0	\$0	\$34,625
7.00 Personnel	\$0	\$0		\$0	\$0	\$0
Sub-total	\$272,292	\$0				
GRAND TOTALS	Levy Total	\$272,292	\$0	\$0	\$0	\$272,292

LEVY ANALYSIS	
Estimated 2020 EAV:	\$114,408,370
Authorized Tax Rate Cap:	0.620%
Maximum Potential Levy limited by Rate Cap:	\$709,332
Requested 2020 Levy Amount:	\$272,292
Estimated Tax Rate to Generate 2020 Levy:	0.2380%

LEVY CHANGE FROM PREVIOUS YEAR	
2019 Levy Total (in 2020 budget)	\$0
2020 Levy Total (in 2021 budget)	\$272,292
Percentage Change	#DIV/0!
Community meeting required if levy amount increases greater than 5% from previous levy.	

CARRYOVER CALCULATION	
2020 Budget Total	\$0
2021 Carryover	\$0
Percentage	#DIV/0!
Must be less than 25%	