

**SPECIAL SERVICE AREA NUMBER 45
CHICAGO, ILLINOIS**

**REVISED FINANCIAL AND COMPLIANCE AUDIT REPORT
YEARS ENDED DECEMBER 31, 2021 AND 2020**

SPECIAL SERVICE AREA NUMBER 45

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INDEPENDENT AUDITORS' REPORT

Board of Directors of Far South CDC - Contractor
Commissioners of Special Service Area #45
Chicago, Illinois

Opinions

We have audited the accompanying revised financial statements of Special Service Area # 45 (a taxing district authorized by the City of Chicago), which comprise the revised statements of net position and governmental funds balance sheets as of December 31, 2021 and 2020, and the revised statements of activities and governmental funds, revenues, expenditures and changes in fund balance, and revenues and expenditures-budget and actual for the years then ended, and the related notes to the financial statements.

In our opinion, the revised financial statements referred to above present fairly, in all material respects, the respective financial position of Special Service Area # 45 as of December 31, 2021 and 2020 and the respective changes in financial position and budgetary comparison for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Special Service Area # 45 (a taxing district authorized by the City of Chicago) 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 revised 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.

Considered in the aggregate, that raise substantial doubt about the Special Service Area # 45 (a taxing district authorized by the City of Chicago)'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the revised 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 opinions.

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 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 revised 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 the Special Service Area # 45 (a taxing district authorized by the City of Chicago)'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 revised financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Special Service Area # 45 (a taxing district authorized by the City of Chicago)'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.

Required Supplementary Information

Management has omitted the management' 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 is 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 revised financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic revised financial statements is not affected by this missing information.

Ragland Arnold Buchanan Morris + Associates,
LLC
RAGLAND, ARNOLD, BUCHANAN, MORRIS & ASSOCIATES, LLC
Certified Public Accountants

Mokena, Illinois
May 2, 2022
Revised as of December 16, 2022

SPECIAL SERVICE AREA NUMBER 45
 REVISED STATEMENTS OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEETS
 DECEMBER 31, 2021 AND 2020

	DECEMBER 31, 2021			DECEMBER 31, 2020		
	Governmental Funds	Adjustments	Statement of Net Position	Governmental Funds	Adjustments	Statement of Net Position
ASSETS						
CASH AND CASH EQUIVALENTS (NOTE 4-A & 5)	\$ 323,420	\$ -	\$ 323,420	\$ 218,859	\$ -	\$ 218,859
PROPERTY TAX RECEIVABLE; NET OF ALLOWANCE FOR UNCOLLECTABLE TAXES (NOTE 4-B)	752,961	-	752,961	910,818	-	910,818
DUE FROM FAR SOUTH CDC (NOTE 7)	13,028	-	13,028	-	-	-
TOTAL ASSETS	\$ 1,089,409	\$ -	\$ 1,089,409	\$ 1,129,677	\$ -	\$ 1,129,677
LIABILITIES						
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 60,221	\$ -	\$ 60,221	\$ 79,038	\$ -	\$ 79,038
HEALTH INSURANCE W/H	-	-	-	4,742	-	4,742
DUE TO FAR SOUTH CDC (NOTE 7)	-	-	-	233,523	-	233,523
TOTAL LIABILITIES	60,221	-	60,221	317,303	-	317,303
DEFERRED INFLOWS						
DEFERRED PROPERTY TAX REVENUE	744,587	(744,587)	-	735,199	(735,199)	-
FUND BALANCES/NET POSITION (NOTE 4-D)						
NON-SPENDABLE	-	-	-	-	-	-
COMMITTED	-	-	-	-	-	-
UNASSIGNED (DEFICIT)	284,601	(284,601)	-	81,917	(81,917)	-
TOTAL FUND BALANCE (DEFICIT)	284,601	(284,601)	-	81,917	(81,917)	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 1,089,409		\$ 1,029,188	\$ 1,134,419	\$ (817,116)	\$ 812,374
NET POSITION (NOTE 4-D)			-			\$ -
RESTRICTED						
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:						
TOTAL FUND BALANCE-GOVERNMENTAL FUNDS	\$ 284,601		\$ 284,601	\$ 81,917		\$ 81,917
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.			744,587			735,199
TOTAL NET POSITION-GOVERNMENTAL ACTIVITIES			\$ 1,029,188			\$ 817,116

The accompanying notes are an integral part of these financial statements.

SPECIAL SERVICE AREA NUMBER 45
 REVISED STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUNDS, REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	DECEMBER 31, 2021			DECEMBER 31, 2020		
	Governmental Funds	Adjustments	Statement of Activities	Governmental Funds	Adjustments	Statement of Activities
REVENUES						
PROPERTY TAXES (NOTE 6)	\$ 698,834	\$ 9,388	\$ 708,222	\$ 685,798	\$ 102,261	\$ 788,059
INTEREST INCOME	7	-	7	82	-	82
TOTAL REVENUE	698,841	9,388	708,229	685,880	102,261	788,141
EXPENDITURES/EXPENSES						
CUSTOMER ATTRACTION (NOTE 10)	38,416	-	38,416	15,790	-	15,790
PUBLIC WAY AESTHETICS	52,131	-	52,131	60,782	-	60,782
SUSTAINABILITY & PUBLIC PLACES	-	-	-	-	-	-
ECONOMIC/BUSINESS DEVELOPMENT	53,531	-	53,531	-	-	-
SAFETY PROGRAMS	141,572	-	141,572	181,558	-	181,558
SUPPORT SERVICES	210,507	-	210,507	218,308	-	218,308
TOTAL EXPENDITURES/EXPENSES	496,157	-	496,157	476,438	-	476,438
TOTAL OF REVENUES OVER (EXPENDITURES)	202,684	9,388	212,072	209,442	102,261	311,703
CHANGE IN NET POSITION (NOTE 3)	202,684	9,388	212,072	209,442	102,261	311,703
FUND BALANCE/NET POSITION						
BEGINNING OF THE YEAR	81,917	735,199	817,116	(127,525)	632,938	505,413
OTHER ADJUSTMENTS (NOTE 8)	-	-	-	-	-	-
END OF YEAR	\$ 284,601	\$ 744,587	\$ 1,029,188	\$ 81,917	\$ 735,199	\$ 817,116
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:						
NET CHANGE IN FUND BALANCE-GOVERNMENTAL FUNDS			202,684			209,442
PROPERTY TAX REVENUE IS RECOGNIZED IN THE PERIOD FOR WHICH LEVIED RATHER THAN WHEN "AVAILABLE" FOR GOVERNMENTAL FUNDS			9,388			102,261
			\$ 212,072			\$ 311,703

The accompanying notes are an integral part of these financial statements.

SPECIAL SERVICES AREA NUMBER 45
 REVISED STATEMENTS OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	DECEMBER 31, 2021		DECEMBER 31, 2020			
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:						
Property Taxes	\$ 952,907	\$ 698,834	\$ (254,073)	\$ 991,216	\$ 685,798	\$ (305,418)
Interest Income	-	7	7	-	82	82
TOTAL REVENUE	\$ 952,907	\$ 698,841	\$ (254,066)	\$ 991,216	\$ 685,880	\$ (305,336)
EXPENDITURES:						
1.00 Customer Attraction						
1.01 Website/Technology	-	-	-	-	-	-
1.02 Special Events	-	-	-	31,903	535	(31,368)
1.05 Decorative Banners	10,000	10,000	-	33,324	-	(33,324)
1.06 Holiday Decorations	15,343	20,240	4,897	27,400	15,255	(12,145)
1.07 Print Materials	5,000	8,176	3,176	5,000	-	(5,000)
Total 1.00 - Customer Attraction	30,343	38,416	8,073	97,627	15,790	(81,837)
2.00 Public Way Aesthetics						
2.03 Façade Enhancement Program	262,500	-	(262,500)	287,500	20,493	(267,007)
2.05 Streetscape Elements	-	-	-	-	-	-
2.08 Sidewalk Maintenance-Service Contract	85,000	52,131	(32,869)	106,200	40,289	(65,911)
2.10 City Permits	-	-	-	-	-	-
2.11 Snow Removal	-	-	-	30,000	-	(30,000)
Total 2.00 - Public Way Aesthetics	347,500	52,131	(295,369)	423,700	60,782	(362,918)
3.00 Sustainability & Public Places						
3.01 Garbage/Recycling Material Program	-	-	-	-	-	-
Total 3.00 -Sustainability & Public Places	-	-	-	-	-	-
4.00 Economic/Business Development						
4.01 Site Marketing	15,000	22,331	7,331	-	-	-
4.10 Business Technical Assistance	31,200	31,200	-	31,200	-	(31,200)
Total 4.00 - Economic/Business Development	46,200	53,531	7,331	31,200	-	(31,200)
5.00 Safety Programs						
5.03 Security Patrol Services	270,202	141,072	(129,130)	215,720	181,558	(34,162)
5.04 COVID Related Matters	20,000	500	(19,500)	-	-	-
Total 5.00 - Safety Programs	290,202	141,572	(148,630)	215,720	181,558	(34,162)

The accompanying notes are an integral part of these financial statements.

SPECIAL SERVICES AREA NUMBER 45
 REVISED STATEMENTS OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL- (Continued)
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	DECEMBER 31, 2021			DECEMBER 31, 2020		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
EXPENDITURES:						
6.00 SSA Management & Administration Costs						
6.02 Audit Fees	3,000	3,000	-	3,725	3,000	(725)
6.03 Bookkeeping/Accounting Fees	1,500	1,500	-	1,245	1,950	705
6.04 Office Rent	28,140	25,795	(2,345)	19,500	18,963	(537)
6.05 Office Utilities & Telecommunications	10,833	14,565	3,732	3,120	7,073	3,953
6.06 Office Supplies	-	-	-	-	-	-
6.07 Office Equipment-Lease & Maintenance	6,000	5,000	(1,000)	1,995	-	(1,995)
6.09 Postage	1,000	-	(1,000)	1,245	-	(1,245)
6.12 Banking Fees	1,000	-	(1,000)	1,245	-	(1,245)
6.12.1 Loan Interest Expense	-	224	224	-	4,064	4,064
6.16 Storage Space Fees	425	-	(425)	425	-	(425)
6.17 Liability & Property Insurance	740	-	(740)	740	1,120	380
6.18 Conferences & Training	740	-	(740)	740	-	(740)
Total 6.00 - SSA Management & Administration Costs	53,378	50,084	(3,294)	33,980	36,170	2,190
7.00 Personnel Expenses						
7.01 Personnel Expenses-Executive Director	21,321	21,321	-	20,600	19,642	(958)
7.05 Personnel Expenses-Director of Finance	22,563	22,563	-	21,800	20,591	(1,209)
7.06 Personnel Expenses-Director of Marketing	26,186	3,750	(22,436)	25,300	23,750	(1,550)
7.07 Personnel Expenses-Administrative Assnt	8,197	8,197	-	7,920	7,937	17
7.04 Personnel Expenses-SSA Program Mngr # 45	77,625	77,078	(547)	75,000	72,083	(2,917)
7.50 Personnel Expenses-Taxes & Fringe Ben	29,392	27,514	(1,878)	38,369	38,135	(234)
Total 7.00 - Personnel Expenses	185,284	160,423	(24,861)	188,989	182,138	(6,851)
8.00 Loss Collection						
8.01 Loss Collection	-	-	-	-	-	-
Total 8.00 - Loss Collection	-	-	-	-	-	-
TOTAL EXPENDITURES	952,907	496,157	(456,750)	991,216	476,438	(514,778)
NET EXCESS OF REVENUES OVER (EXPENSES)	\$ -	\$ 202,684	\$ 202,684	\$ -	\$ 209,442	\$ 209,442

The accompanying notes are an integral part of these financial statements.

SPECIAL SERVICE AREA NUMBER 45
REVISED NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

ORGANIZATION

Far South CDC, (a contractor for) Special Service Area #45 is a not-for-profit Illinois corporation exempt from income tax under Section 501(c) (3) of the U. S. Internal Revenue Code. The Organization which is located within the boundaries of the City of Chicago serves as coordinator and executor of comprehensive plans designed to improve the community business district outlined for the SSA through programs which improve the economic development, aesthetics, marketing and special events for the business district.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. REPORTING ENTITY

Special Service Area 45 (SSA # 45) provides services on behalf of the City of Chicago (City) within a specified geographic area. These services include promotional and advertising, maintenance of the public way, safety, and other functions. The SSA is exempt from federal income tax under Section 501(c)(3) of the internal revenue code.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The financial statements of SSA #45 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 the modified accrual basis.

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

3. 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 are 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 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 the 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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Comparative Financial Statements

Comparative financial statements were presented in full. Prior year amounts were taken from the 2020 audit report, issued in Governmental funds financial statement format at May 1, 2021, with an unmodified opinion.

4. ASSETS, LIABILITIES, AND INVESTMENTS

A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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 acquisition. The City of Chicago requires Far South CDC to hold SSA 45 money in a separate account and cannot be comingled with Far South CDC’s other operations. The Organization has no investments as of December 31, 2021 and 2020.

B. RECEIVABLES

All property tax receivables are shown net of allowances. For the years ended, December 31, 2021 and 2020, the allowance is estimated to be 1.1% of the outstanding property taxes. The allowance for uncollectible property taxes were \$8,375 and \$10,130, respectively. Property taxes receivable and deferred revenue are similar amounts, as they are future cash receipts that will be collected in the subsequent year.

	<u>2021</u>	<u>2020</u>
Property Taxes Receivable	\$ 761,336	\$ 920,948
Less: Allowance for Uncollectible Taxes	<u>(8,375)</u>	<u>(10,130)</u>
Equals Net Property Taxes Receivables	<u>\$ 752,961</u>	<u>\$ 910,818</u>

C. PREPAID ITEMS

The SSA had no prepaid items as of December 31, 2021 and 2020, respectively.

D. 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 resolutions. Assigned fund balances 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 (4) 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 asset 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.

5. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in a bank deposit account at Harris Bank, which at times, may exceed the FDIC federally insured limits. The SSA has not experienced any losses in such accounts. The Organization believes that the SSA is not exposed to any significant credit risk in cash. As of December 31, 2021 and 2020, cash in bank did not exceed the \$250,000 ceiling for FDIC insurance, respectively.

6. PROPERTY TAXES

Property taxes become an enforceable lien on real property on January 1st of the year it is levied. Taxes are payable in (2) 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 August 1st. or 30 days from the mailing of the tax bills if issued later than July 1st. 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.

7. RELATED PARTY TRANSACTIONS

The SSA is affiliated with Far South CDC, which is the service provider for the SSA and pays certain expenses on behalf of the SSA, such as personnel costs, rent and utilities, equipment lease, and line of credit loan and bills the SSA for its portion of the expenses. As of December 31, 2021 and 2020 \$0 and \$233,523 was payable to Far South CDC from SSA # 45 for services provided. Due to transfers and other prepaid expenses, Far South CDC owes SSA # 45 \$13,028 and \$0, respectively as of December 31, 2021 and 2020.

8. OTHER ADJUSTMENTS

No adjustments were made to fund balance/net position for the year ended December 31, 2021.

No adjustments were made to fund balance/net position for the year ended December 31, 2020.

9. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through May 2, 2022, the date which the financial statements were originally available to be issued.

10. CUSTOMER ATTRACTION

The SSA expenses all the Customer Attraction (advertising and promotions) costs in the year it was incurred. For the years ended, December 31, 2021 and 2020 the total marketing and promotions expense (Customer Attraction) was \$38,416 and \$15,790, respectively.

11. TIF FUNDS ALLOCATION

For the last five (5) years, SSA 45 funds have been levied by multiple Tax Increment Funds (TIFs) by about 6% to 32% off the top of 2020 and 2019 Property Tax Levies. This means that even though the levy and budget say that they should have received for the years ended December 31, 2021 and 2020, \$960,324 and \$1,031,216, respectively. The SSA will only receive 73% to 67%, or \$698,833 and \$685,798 for the years ended December 31, 2021 and 2020, respectively. The COVID-19 tax deferrals and exemptions made by the City and Cook County also reduced collections for 2021 and 2020 by about 35% to 40%.

12. RESTATED 2021 FINANCIAL STATEMENTS

Per the desk review notes received from the City of Chicago Department of Planning and Development, the Organization restated its 2021 Statements of Activities and Governmental Funds, Revenue, Expenditures, and Changes in Fund Balance by adding or adjusting the adjustments for Property Taxes Income for \$30, which made the Property Taxes Income for Statement of Activities increase by \$30 to \$708,222, which leads to an adjustment to Total of Revenues over expenditures to increase by \$30, which leads Fund Balance/Net Position to increase by \$30. This was the only change for the 2021 revised financial statements. No other of the basic financial statements were affected. See following schedule for detailed changes:

	Original			Revised		
	Governmental Funds	Adjustments	Statements of Net Position/ Activity	Governmental Funds	Adjustments	Statements of Net Position/ Activity
REVENUES						
PROPERTY TAXES	\$ 698,834	\$ 9,358	\$ 708,192	\$ 698,834	\$ 9,388	\$ 708,222
INTEREST INCOME	7	-	7	7	-	7
TOTAL REVENUE	698,841	9,358	708,199	698,841	9,388	708,229
TOTAL EXPENDITURES/EXPENSES	496,157	-	496,157	496,157	-	496,157
TOTAL OF REVENUES OVER (EXPENDITURES)	202,684	9,358	212,042	202,684	9,388	212,072
CHANGE IN NET POSITION	202,684	9,358	212,042	202,684	9,388	212,072
FUND BALANCE/NET POSITION						
BEGINNING OF THE YEAR	81,917	735,199	817,116	81,917	735,199	817,116
OTHER ADJUSTMENTS	-	-	-	-	-	-
END OF YEAR	\$ 284,601	\$ 744,557	\$ 1,029,158	\$ 284,601	\$ 744,587	\$ 1,029,188
NET CHANGE IN FUND BALANCE-GOVERNMENTAL FUNDS			202,684			202,684
PROPERTY TAX REVENUE IS RECOGNIZED IN THE PERIOD FOR WHICH LEVIED RATHER THAN WHEN "AVAILABLE" FOR GOVERNMENTAL FUNDS			9,358			9,388
			\$ 212,042			\$ 212,072

SUPPLEMENTAL INFORMATION

SPECIAL SERVICE AREA NUMBER 45
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021

We (RABM & Associates, LLC) noted certain expenditures for which actual expenses exceeded original budgeted amounts for the following **expense line items**:

1. Interest Income
2. 6.03-SSA Management & Administration Costs-Bookkeeping/Accounting Fees
3. 6.05-SSA Management & Administration Costs-Office Utilities & Telecommunications
4. 6.12.1-SSA Management & Administration Costs-Loan Interest Expense
5. 6.17-SSA Management & Administration Costs-Liability & Property Insurance
6. 7.03-Personnel Expenses-Executive Admin Assnt

But, auditors did note that the **overall total** actual expenses did not exceed total budgeted expenses for the year ended December 31, 2020.

We (RABM & Associates, LLC) could not obtain the approved budget amendments for the year ended December 31, 2020.

SPECIAL SERVICE AREA NUMBER 45
SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021

We (RABM & Associates, LLC) noted certain expenditures for which actual expenses exceeded original budgeted amounts for the following **expense line items**:

1. Interest Income
2. 1.06-Customer Attraction-Holiday Decorations
3. 1.07-Customer Attraction-Print Materials
4. 4.01-Economic/Business Development-Site Marketing
5. 6.05-SSA Management & Administration Costs-Office Utilities & Telecommunications
6. 6.12.1-SSA Management & Administration Costs-Loan Interest Expense

But, auditors did note that the **overall total** actual expenses did not exceed total budgeted expenses for the year ended December 31, 2021.

We (RABM & Associates, LLC) could not obtain the approved budget amendments for the year ended December 31, 2021.

For the year ended December 31, 2021, Far South CDC owed the SSA #45 \$13,028, due to transfers for January to March 2022 expenses requested and paid. Per City of Chicago Special Service Area guidelines, no receivables should ever be due from the Contractor.



**Corrective Action Plan for Far South CDC/SPECIAL SERVICE AREA NUMBER 45
For the Year Ended December 31, 2021**

Finding 2021-1:

Condition

While analyzing the numbers into the Statements of Revenue and Expenses-Budget vs. Actual, we (RABM) noted certain expenditures for which actual expenses exceeded budgeted amounts for the following expense line items:

1. Interest Income
2. 1.06-Customer Attraction-Holiday Decorations
3. 1.07-Customer Attraction-Print Materials
4. 4.01-Economic/Business Development-Site Marketing
5. 6.05-SSA Management & Administration Costs-Office Utilities & Telecommunications
6. 6.12.1-SSA Management & Administration Costs-Loan Interest Expense

Cause

The Contractor, Far South CDC failed to properly monitor and allocate expenses in accordance with the City of Chicago Department of Planning & Development Special Service Area Guidelines or obtain budget modifications to include the allocation of expenses for the above mentioned line items.

Response

The Contractor, Far South CDC will continue to work with their outside accountant and auditor to direct the proper allocation and grouping of expenses going forward to ensure that actual line item expenditures will not exceed budgeted line items per the Special Service Area Audit Guidelines. The Contractor, Far South CDC made significant improvements with this finding from having eleven (11) line items in revenue and expenses over budget in 2019 and only six (6) mostly immaterial line items in revenue and expenses over budget in 2020 and in 2021.

Finding 2021-2:

Condition

While analyzing the amounts in the Statements of Revenue and Expenses-Budget vs. Actual, we (RABM) noted that there were at least four (4) significant changes in spending that denoted budget modifications were made. Auditors were unable to obtain these approved budget modifications.

Cause

The Contractor, Far South CDC failed to obtain and send the budget modifications to the office and to the auditor in accordance with the City of Chicago Department of Planning & Development Special Service Area Guidelines.

Response

The Contractor, Far South CDC will continue to work with their outside accountant, auditor, and office to obtain the approved budget modifications.

Finding 2021-3

Condition

While analyzing the Statements of Net Position and Governmental Funds Balance Sheets, we (RABM) noted that as of December 31, 2021, the SSA # 45 had a \$13,028 receivable from Far South CDC.

Cause

The Contractor, Far South CDC made several transfers for prepaid expenses and accounts payable at the end of December 31, 2021 to pay for expenses incurred in 2021 and early 2022.

Response

The Contractor, Far South CDC will work with their outside accountant, auditor, and office to make sure this does not happen again.

Contact Person: Abraham D. Lacy, Executive Director

Email: lacy@farsouthcdc.org



**RAGLAND, ARNOLD, BUCHANAN,
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**INDEPENDENT AUDITORS' REPORT ON THE
ADDITIONAL PROCEDURES PERFORMED BY THE AUDITOR WITH REGARDS TO THE SPECIAL
SERVICE AREA ANNUAL AUDITED FINANCIAL STATEMENT GUIDELINES**

Our audit was made for the purpose of forming an opinion on the basic revised financial statements taken as a whole. 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 dated June 2013, we have read the requirements contained in the Agreement for Special Service Area # 45 between the City of Chicago and Far South CDC.

We also reviewed and confirmed that Per Article 5.03, the Contractor established and maintained a separate bank account in Chicago, Illinois and that all service tax funds were automatically deposited into this bank account.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no significant findings. Many of the contractual items that were included in the agreement dealt with non-accounting and non-financial matters of which we had no knowledge.

Ragland Arnold Buchanan Morris + Associates
RAGLAND, ARNOLD, BUCHANAN, MORRIS & ASSOCIATES, LLC LLC
Certified Public Accountants

Mokena, Illinois
May 2, 2022

Revised as of December 16, 2022