

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: Special Service Area Number 39

SSA Provider Name: Back of Yards Neighborhood Council

Submission Date: Submission Date: April 27, 2023

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
8	5. Statement of Revenues and Expenditures – Budget and Actual
1-2	Auditor's Opinion on Financial Statements
9	Schedule of Findings – Current and Prior Year, if applicable
9	Corrective Action Plan – Current and Prior Year, if applicable (if findings)*
10	Audit Firm CPA License
11	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
YES	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 39
(a taxing district authorized by the City of Chicago)
Back of the Yards Neighborhood Council, Contractor
Financial Statements and
Supplementary Information
December 31, 2022 and 2021

SPECIAL SERVICE AREA 39
Back of the Yards Neighborhood Council, Contractor

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Independent Auditor's Report

To the Board of Directors - Commissioners of Special Service Area 39
Back of the Yards Neighborhood Council, Contractor
Chicago, IL

We have audited the financial statements of the governmental activities and each major fund of **CITY OF CHICAGO SPECIAL SERVICE AREA 39 (SSA 39)** (a taxing district authorized by the City of Chicago), as of and for the years December 31, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the City's 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in the Special Service Area Program Guide, issued by the City of Chicago Department of Planning and Development. 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 SSA #39'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 SSA #39'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 opinions.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of governmental activities and each major fund of **CITY OF CHICAGO SPECIAL SERVICE AREA 39** as of December 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years and its statements of activities and governmental funds, revenues, expenditures and changes in fund balances for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of SSA 39 are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and major fund of SSA 39 that is attributable to the transactions of SSA 39. They do not purport to, and do not present fairly the financial position of the City of Chicago as of December 31, 2022 and 2021 and the changes in its activities for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis (MD&A) 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 (GASB) who considers it to be an essential part of the 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.

Accounting principles generally accepted in the United States of America require that the statements of revenues and expenditures - budget and actual be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by GASB 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cary J. Hall & Associates, LLC

Cary J. Hall & Associates, LLC

April 24, 2023

Chicago, Illinois

SPECIAL SERVICE AREA 39

Back of the Yards Neighborhood Council, Contractor

Statements of Net Position and Governmental Funds Balance Sheets
December 31, 2022 and 2021

	2022		2021			
	Governmental Funds	Adjustments	Statement of Net Position	Governmental Funds	Adjustments	Statement of Net Position
ASSETS						
Cash	\$ 635,127	\$ -	\$ 635,127	\$ 710,426	\$ -	\$ 710,426
Real estate taxes receivable, less allowance for uncollectible taxes of \$125,504 and \$65,000 for 2022 and 2021, respectively	1,167,216	-	1,167,216	989,152	-	989,152
Total Assets	<u>\$ 1,802,343</u>	<u>\$ -</u>	<u>\$ 1,802,343</u>	<u>\$ 1,699,578</u>	<u>\$ -</u>	<u>\$ 1,699,578</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 1,667	\$ -	\$ 1,667	\$ 11,204	\$ -	\$ 11,204
Total Liabilities	1,667	-	1,667	11,204	-	11,204
DEFERRED INFLOWS						
Deferred property tax revenue	878,600	(878,600)	-	878,600	(878,600)	-
FUND BALANCE/NET POSITION						
Unassigned	922,076	(922,076)	-	809,774	(809,774)	-
Total Fund Balance	<u>922,076</u>	<u>(922,076)</u>	<u>-</u>	<u>809,774</u>	<u>(809,774)</u>	<u>-</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 1,802,343</u>	<u>\$ (1,800,676)</u>	<u>\$ 1,800,676</u>	<u>\$ 1,699,578</u>	<u>\$ (1,688,374)</u>	<u>\$ 1,688,374</u>
Net Position - Unrestricted						

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

Total fund balance - governmental funds	\$ 922,076	\$ 809,774
Property tax revenue is recognized in the period it is levied rather than when "available". A portion of the property tax is deferred as it is not available in the governmental funds.	878,600	878,600
Total net position - governmental activities	<u>\$ 1,800,676</u>	<u>\$ 1,688,374</u>

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

SPECIAL SERVICE AREA 39
Back of the Yards Neighborhood Council, Contractor

Statements of Activities and Governmental Funds, Revenues, Expenditures
 and Changes in Fund Balance
 For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Governmental Funds	Adjustments	Statement of Activities	Governmental Funds	Adjustments	Statement of Activities
REVENUES						
Property Taxes and Interest	\$ 818,106	\$ -	\$ 818,106	\$ 799,548	\$ (13,800)	\$ 785,748
Total Revenues	818,106	-	818,106	799,548	(13,800)	785,748
EXPENDITURES/EXPENSES						
Program Services:						
Customer Attraction	21,284	-	21,284	25,673	-	25,673
Public Way Aesthetics	368,543	-	368,543	366,600	-	366,600
Sustainability and Public Places	2,842	-	2,842	3,412	-	3,412
Economic / Business Development	78,991	-	78,991	81,254	-	81,254
Safety Programs	-	-	-	5,495	-	5,495
Personnel	183,711	-	183,711	136,388	-	136,388
SSA Management	50,433	-	50,433	51,120	-	51,120
Total Expenditures	705,804	-	705,804	669,942	-	669,942
Excess of Revenues Over (Under) Expenses	112,302	-	112,302	129,606	(13,800)	115,806
Change in Net Position	112,302	-	112,302	129,606	(13,800)	115,806
FUND BALANCE/NET POSITION						
Beginning of Year	809,774	878,600	1,688,374	680,168	892,400	1,572,568
End of year	\$ 922,076	\$ 878,600	\$ 1,800,676	\$ 809,774	\$ 878,600	\$ 1,688,374

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

Net change in fund balance - governmental funds	\$ 112,302	\$ 129,606
Property tax revenue is recognized in the year it is available rather than when it is levied for governmental funds	-	(13,800)
Net change in net position - governmental funds	\$ 112,302	\$ 115,806

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

SPECIAL SERVICE AREA 39
Back of the Yards Neighborhood Council, Contractor
Notes to Financial Statements
December 31, 2022 and 2021

NOTE 1 - NATURE OF ACTIVITIES AND REPORTING ENTITY

Nature of Reporting Entity - Special Service Area 39 ("SSA39") 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 Archer/Brighton Retail 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 39 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with the Back of the Yards Neighborhood Council to perform administrative duties as the service provider for this SSA during the reporting period. Back of the Yard's Neighborhood Council is Illinois not-for-profit corporation that is exempt from federal income taxes under Section 501 s(3) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Taxes - For tax filings, the Organization is monitored for compliance by the Back of the Yards Neighborhood Council, which is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.

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).

The government-wide financial statements (Statement of Net Positions 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 fund's current financial resources measurement, are prepared on the modified accrual basis.

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 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, i.e., both measurable and available to finance expenditures of the current period.

SPECIAL SERVICE AREA 39
Back of the Yards Neighborhood Council, Contractor
Notes to Financial Statements
December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 categories.

When both restricted and unrestricted fund balances are available for use, it is the SSA's policy to use restricted fund balances first, then unrestricted fund balances. 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.

Special Service Area Agreement - The City of Chicago has established a special service area known and designated as "Special Service Area Number 39" to provide special services in addition to those services generally provided by the City. Back of the Yards Neighborhood Council has been designated as "Contractor" under terms of the agreement. The City has authorized a levy not to exceed 2.5% of the equalized assessed value of all property within the area to produce sufficient revenues to provide those special services.

Cash and Cash Equivalents - Cash and cash equivalents is defined 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 Organization maintains its cash in bank accounts, which, at times, may exceed the federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization has established a separate checking account and all tax revenue funds are automatically deposited into this checking account. The Contractor did not commingle Service Tax funds with funds from any other source.

Date of Management's Review - Management has evaluated subsequent events through April 24, 2023, the date on which the financial statements were available to be issued.

NOTE 3 - CONCENTRATIONS

The Special Service Area receives 100% of its operating support from revenues collected from taxes levied or imposed upon property within the area.

SPECIAL SERVICE AREA 39
Back of the Yards Neighborhood Council, Contractor

Notes to Financial Statements
December 31, 2022 and 2021

NOTE 4 - RELATED PARTY TRANSACTIONS

The Organization is an affiliate of Special Service Area Numbers 13, 10, 7 and Back of the Yards Neighborhood Council. The Organization contracts with the Back of the Yards Neighborhood Council as sole service provider in order to administer and provide direct services on behalf of the Organization, which has no employees.

Expense reimbursements to the Service Provider are summarized below:

	2022	2021
Shuttle Bus	\$ 51,423	\$ -
Bookkeeping	3,000	3,000
Rent	15,000	15,000
Office utilities	9,000	9,000
Office supplies	1,500	5,625
Office equipment	3,500	3,500
Office printing	1,500	1,500
Postage	2,000	2,000
Liability and property insurance	8,000	8,000
Personnel	368,096	423,981
Totals	\$ 463,019	\$ 471,606

NOTE 5 - 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 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 remits the monies to the SSA.

SUPPLEMENTARY INFORMATION

SPECIAL SERVICE AREA 39

Back of the Yards Neighborhood Council, Contractor
Schedules of Revenues and Expenditures - Budget and Actual
For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Property revenues and interest	\$ 992,259	\$ 818,106	\$ (174,153)	\$ 922,059	\$ 799,548	\$ (122,511)
EXPENDITURES						
Customer attraction	123,000	21,284	(101,716)	52,800	25,673	(27,127)
Public way aesthetics	479,822	368,543	(111,279)	479,822	366,600	(113,222)
Sustainability and public places	4,000	2,842	(1,158)	4,000	3,412	(588)
Economic / business development	119,223	78,991	(40,232)	119,223	81,254	(37,969)
Safety programs	25,000	-	(25,000)	25,000	5,495	(19,505)
Personnel	188,464	183,711	(4,753)	188,464	136,388	(52,076)
SSA management	52,750	50,433	(2,317)	52,750	51,120	(1,630)
Total Expenses	992,259	705,804	(286,455)	922,059	669,942	(252,117)
Excess Revenues Over Expenditures	\$ -	\$ 112,302	\$ 112,302	\$ -	\$ 129,606	\$ 129,606

The accompanying notes are an integral part of the financial statements

SPECIAL SERVICE AREA 39
Back of the Yards Neighborhood Council, Contractor
Summary Schedule of Findings
For the Years Ended December 31, 2022 and 2021

We have read the requirements of the Service Provider Agreement between Special Service Area 39, Contractor, and the City of Chicago. Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no exceptions.

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

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

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

SPECIAL SERVICE AREA 39
(Back Of the Yards Neighborhood Council, Contractor)
Audit Firm CPA License
For the Years Ended December 31, 2022 and 2021



**SPECIAL SERVICE AREA 39
(BACK OF THE YARDS NEIGHBORHOOD COUNCIL, CONTRACTOR)**

Budget Summary Page
For the Years Ended December 31, 2022 and 2021

Exhibit A Budget

Special Service Area # 39	
SSA Name:	Brighton Archer

2022 BUDGET SUMMARY

Budget and Services Period: January 1, 2022 through December 31, 2022

CATEGORY (Funded Categories Comprise Scope of Services)	2021 Levy		Carryover Funds	TIF Rebate Fund #0A16	Estimated Late Collections and Interest	Total All Sources
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$32,000	\$0	\$91,000	\$0	\$0	\$123,000
2.00 Public Way Aesthetics	\$464,504	\$7,659	\$0	\$0	\$7,659	\$479,822
3.00 Sustainability and Public Places	\$4,000	\$0	\$0	\$0	\$0	\$4,000
4.00 Economic/ Business Development	\$104,223	\$0	\$15,000	\$0	\$0	\$119,223
5.00 Public Health and Safety Programs	\$25,000	\$0	\$0	\$0	\$0	\$25,000
6.00 SSA Management	\$52,750	\$0	\$0	\$0	\$0	\$52,750
7.00 Personnel	\$188,464	\$0	\$0	\$0	\$0	\$188,464
	Sub-total	\$870,941	\$7,659	\$0	\$0	\$188,464
GRAND TOTALS	Levy Total	\$878,600	\$106,000	\$0	\$7,659	\$992,259

LEVY ANALYSIS	
Estimated 2021 EAV:	\$76,321,376
Authorized Tax Rate Cap:	1.900%
Maximum Potential Levy limited by Rate Cap:	\$1,450,106
Requested 2021 Levy Amount:	\$878,600
Estimated Tax Rate to Generate 2020 Levy:	1.1512%

**CITY OF CHICAGO
DEPARTMENT OF PLANNING AND DEVELOPMENT
2021 SPECIAL SERVICE AREA SERVICE PROVIDER DISCLOSURE**

The City of Chicago, through its Department of Planning and Development ("DPD"), regularly enters into agreements ("Services Contracts") for the provision of special services to City of Chicago Special Service Areas ("SSA") with corporations ("Service Providers") pursuant to authorizing ordinances of the City Council of the City of Chicago.

DPD recognizes that Service Providers may have loans or lines of credit in connection with the operation of their businesses from time to time. Service Providers may establish a loan or line of credit in connection with the provision of special services to a Special Service Area; however, financing may not be secured by any tax revenue, including, but not limited to future tax revenue anticipated to be generated by the levy of Special Service Area taxes, or by any interest in a Services Contract. Documentation of any loan or line of credit to a Service Provider shall not make any references to Special Service Area funds or place any requirements on the deposit of any Special Service Area funds. As a condition of entering into a Services Contract with a Service Provider, DPD reserves the right to review the documentation of any loans or lines of credit utilized by the Service Provider in order to front-fund services on behalf of an SSA to ensure full compliance with DPD policy.

The Service Provider hereby consents to the review by DPD, or by any third party at the direction of DPD, of any and all documentation regarding loans or lines of credit, and hereby agrees to promptly amend any such documentation as necessary to ensure full compliance with DPD policy.

1. Name of Service Provider: Back of the Yards Neighborhood Council
2. SSA Number and Name: SSA # 39
3. Does the Service Provider have any loans or lines of credit utilized by the Service Provider in order to front-fund services on behalf of an SSA? Yes No
 - If Yes, please list the title and date of such agreement below. List on separate sheet if necessary.

_____ *Title of Agreement*

_____ *Date of Agreement*

- Attach copy of loan or line of credit agreement(s) listed above.

On behalf of the Service Provider pursuant to authority granted to me by the Service Provider, I hereby represent that the information contained herein is true and correct as of the date hereof. I acknowledge, on behalf of the Service Provider, that the accuracy of this disclosure will be materially relied upon by the City of Chicago in entering into the Services Contract with the Service Provider.

Signature of authorized party representing Service Provider:

SIGNED: Craig Chico

Date: 04/26/2023

Printed Name: Craig Chico

Title: President H/CEO

NOTARY:

Signed and sworn to before me on (date) 4-26-23

at COOK County, ILLINOIS (state).

James S. Gonska Notary Public.

Commission expires: 8-1-25

