



**SPECIAL SERVICE AREA NO. 5  
CITY OF CHICAGO, ILLINOIS**

---

ANNUAL FINANCIAL REPORT

For the Years Ended December 31, 2022 and 2021



[SIKICH.COM](http://SIKICH.COM)

**SPECIAL SERVICE AREA NO. 5**  
**CITY OF CHICAGO, ILLINOIS**  
**TABLE OF CONTENTS**

---

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT .....	1-3
<b>GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS</b>	
<b>Basic Financial Statements</b>	
Statements of Net Position and Governmental Funds Balance Sheet .....	4-5
Statements of Activities and Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balance .....	6-7
Notes to Financial Statements .....	8-15
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund .....	16-17
Notes to Required Supplementary Information .....	18
<b>Supplementary Information</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund .....	19-22
Summary Schedule of Findings .....	23

1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

**SIKICH.COM**

## **INDEPENDENT AUDITOR'S REPORT**

Members of the Commission and Management  
Special Service Area No. 5  
City of Chicago, Illinois

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Special Service Area No. 5 Fund of the City of Chicago, Illinois (SSA), as of and for the years ended December 31, 2022 and 2021, and the related notes to financial statements, which collectively comprise SSA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities and the major fund of the Special Service Area No. 5 Fund of the City of Chicago, Illinois, as of December 31, 2022 and 2021, and the respective changes in financial position 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 (GAAS). Our responsibilities under these 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 SSA 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 opinions.

### **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 SSA'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.

## **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 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 GAAS 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 GAAS, 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 SSA'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 SSA'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.

### **Emphasis of Matter**

As discussed in Note 1A, these basic financial statements present only SSA and are not intended to present fairly the financial position, changes in financial position and, where applicable, cash flows of the City of Chicago, Illinois, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

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 opinions on the financial statements that collectively comprise SSA's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Sikich LLP*

Naperville, Illinois  
April 26, 2023

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

**SPECIAL SERVICE AREA NO. 5  
CHICAGO, ILLINOIS**

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2022 and 2021

	2022		
	Governmental Funds	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash and investments	\$ 177,075	\$ -	\$ 177,075
Prepaid expense	165	-	165
Receivables			
Property taxes	467,865	-	467,865
Capital assets, net	-	-	-
Total assets	645,105	-	645,105
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
None	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 645,105	\$ -	\$ 645,105
<b>LIABILITIES</b>			
Accounts payable	\$ 56,219	\$ -	\$ 56,219
Total liabilities	56,219	-	56,219
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	332,966	(332,966)	-
Total deferred inflows of resources	332,966	(332,966)	-
<b>FUND BALANCE</b>			
Restricted for special service area	255,920	(255,920)	-
Total fund balance	255,920	(255,920)	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	\$ 645,105		
Net investment in capital assets		-	-
Restricted for special service area		588,886	588,886
Total net position - restricted		\$ 588,886	\$ 588,886
<b>TOTAL FUND BALANCE - GOVERNMENTAL FUNDS</b>			\$ 255,920
Reconciliation of fund balances of governmental funds to the governmental activities in the statement of net position			
Property taxes that do not provide current financial resources are not reported as property tax revenue in the fund financial statements			332,966
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds			-
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>			\$ 588,886

2021		
Governmental Funds	Adjustments	Statement of Net Position
\$ 209,648	\$ -	\$ 209,648
26	-	26
379,230	-	379,230
-	105	105
<u>588,904</u>	<u>105</u>	<u>589,009</u>
-	-	-
<u>\$ 588,904</u>	<u>\$ 105</u>	<u>\$ 589,009</u>
\$ 34,890	\$ -	\$ 34,890
34,890	-	34,890
301,237	(301,237)	-
301,237	(301,237)	-
252,777	(252,777)	-
252,777	(252,777)	-
<u>\$ 588,904</u>		
	105	105
	554,014	554,014
<u>\$ 554,119</u>	<u>\$ 554,119</u>	
	\$ 252,777	
		301,237
		<u>105</u>
	<u>\$ 554,119</u>	

See accompanying notes to financial statements.



**SPECIAL SERVICE AREA NO. 5  
CHICAGO, ILLINOIS**

STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUNDS  
STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE

For the Years Ended December 31, 2022 and 2021

	2022		
	Governmental Funds	Adjustments	Statement of Activities
<b>REVENUES</b>			
Taxes	\$ 266,916	\$ 31,729	\$ 298,645
TIF revenue	67,891	-	67,891
Late collections and interest	6	-	6
Total revenues	334,813	31,729	366,542
<b>EXPENDITURES/EXPENSES</b>			
Customer attraction	18,318	-	18,318
Public way aesthetics	112,292	105	112,397
Safety programs	118,163	-	118,163
SSA management	13,649	-	13,649
Personnel	69,248	-	69,248
Total expenditures	331,670	105	331,775
CHANGE IN FUND BALANCE/NET POSITION	3,143	31,624	34,767
FUND BALANCE/NET POSITION, JANUARY 1	252,777	301,342	554,119
<b>FUND BALANCE/NET POSITION, DECEMBER 31</b>	\$ 255,920	\$ 332,966	\$ 588,886
<b>CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS</b>			\$ 3,143
Reconciliation of the governmental funds statement of revenues, expenditures and changes in fund balances to the governmental activities in the statement of activities			
Property tax revenue is recognized in the lien year and in subsequent year when measurable and available on the statement of activities			31,729
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds			
Depreciation			(105)
<b>CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES</b>			\$ 34,767

2021		
Governmental Funds	Adjustments	Statement of Activities
\$ 252,581	\$ (4,114)	\$ 248,467
67,891	-	67,891
5	-	5
320,477	(4,114)	316,363
25,514	-	25,514
156,771	420	157,191
124,654	-	124,654
10,002	-	10,002
73,050	-	73,050
389,991	420	390,411
(69,514)	(4,534)	(74,048)
322,291	305,876	628,167
\$ 252,777	\$ 301,342	\$ 554,119
	\$ (69,514)	
	(4,114)	
	(420)	
	\$ (74,048)	

See accompanying notes to financial statements.

**SPECIAL SERVICE AREA NO. 5  
CITY OF CHICAGO, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Special Service Area No. 5 Fund of the City of Chicago, Illinois (the Fund) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fund's accounting policies are described below.

**a. Reporting Entity**

Special Service Area No. 5 (SSA) 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 Commercial Avenue commercial district. The SSA is funded by property taxes levied on properties within the SSA boundaries, which are collected by the Cook County Treasurer, and then distributed by the City of Chicago to the SSA. The Fund is reported as a special revenue fund in the City of Chicago's annual comprehensive financial report.

SSA is governed by a commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with South Chicago Parents and Friends, Inc. (SCPF) to perform administrative duties as the service provider for this SSA during this reporting period. SCPF is an Illinois not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. SCPF entered into an agreement with the City of Chicago beginning September 6, 2017 to operate SSA.

**b. Fund Accounting**

The accounts of the Fund are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following category: governmental.

Governmental funds are used to account for all of the government's general activities, including the collection and disbursement of restricted, committed, or assigned monies (special revenue funds) and restricted, committed, or assigned for the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the Fund.

**SPECIAL SERVICE AREA NO. 5**  
**CITY OF CHICAGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Fund. The effect of material interfund activity, if any, has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, if any, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Fund reports the following major governmental fund:

The General Fund is the Fund's primary operating fund. It accounts for all financial resources of the Fund.

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the lien year. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Fund considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

**SPECIAL SERVICE AREA NO. 5**  
**CITY OF CHICAGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Fund.

The Fund reports deferred/unavailable revenue on its financial statements. Deferred/unavailable revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Fund before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Fund has a legal claim to the resources, the deferred inflow of resources and liability for deferred/unavailable and unearned revenue is removed from the financial statements and revenue is recognized.

e. Fund Equity

In the fund financial statements, governmental funds can report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Fund. Committed fund balance is constrained by formal actions of the Fund's Board of Commissioners, which is considered the Fund's highest level of decision-making authority. Formal actions include ordinances approved by the Board of Commissioners. Assigned fund balance represents amounts constrained by the Fund's intent to use them for a specific purpose. Any residual General Fund fund balance is reported as unassigned.

The Fund's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the Fund considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. None of the net position is restricted as a result of enabling legislation adopted by the Fund.

**SPECIAL SERVICE AREA NO. 5**  
**CITY OF CHICAGO, ILLINOIS**  
 NOTES TO FINANCIAL STATEMENTS (Continued)

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

f. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP 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. Actual results could differ from those estimates.

h. Capital Assets

Capital assets are recorded as expenditures at the time of purchase. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., parking lots and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the SSA as assets with an initial, individual cost in excess of \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Equipment	3-5

**SPECIAL SERVICE AREA NO. 5**  
**CITY OF CHICAGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

---

**2. DEPOSITS AND INVESTMENTS**

Illinois Compiled Statutes (ILCS) authorize the Fund to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and The Illinois Funds.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

In addition, the City of Chicago has adopted an investment policy which provides further restrictions on the investment of the Fund's funds. It is the policy of the Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Fund and conforming to all state and local statutes governing the investment of public funds, using the prudent person standard for managing the overall portfolio. The primary objectives of the policy, in order of priority are: safety, liquidity, return on investment, and simplicity of management.

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The SSA's policy in order to protect their deposits requires depository institutions to maintain collateral pledges on SSA deposits whenever the deposits exceed the insured limits of the FDIC. At December 31, 2022 and 2021, the SSA had \$0 and \$0 in uninsured and uncollateralized deposits, respectively.

b. Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Fund limits its exposure to interest rate risk by investing in demand investments that yield a maximum amount of interest.

**SPECIAL SERVICE AREA NO. 5**  
**CITY OF CHICAGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**2. DEPOSITS AND INVESTMENTS (Continued)**

b. Investments (Continued)

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Fund held no investments at December 31, 2022 or 2021.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. The Fund held no investments at December 31, 2022 or 2021.

Concentration of credit risk - The Fund did not have any investment that represented greater than 5% of its overall portfolio as of December 31, 2022 or 2021.

Fair value hierarchy - The Fund categorizes its fair value measurements within the fair value established by GAAP. The hierarchy of inputs are used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs. The Fund held no investments subject to fair value measurement at December 31, 2022 or 2021.

**3. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balances, January 1	Increases	Decreases	Balances, December 31
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets being depreciated				
Equipment	\$ 1,260	\$ -	\$ -	\$ 1,260
Total capital assets being depreciated	1,260	-	-	1,260
Less accumulated depreciation for				
Equipment	1,155	105	-	1,260
Total accumulated depreciation	1,155	105	-	1,260
Total capital assets being depreciated, net	105	(105)	-	-
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 105</b>	<b>\$ (105)</b>	<b>\$ -</b>	<b>\$ -</b>



**SPECIAL SERVICE AREA NO. 5**  
**CITY OF CHICAGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**3. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 105
<b>TOTAL</b>	<b>\$ 105</b>

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balances, January 1	Increases	Decreases	Balances, December 31
GOVERNMENTAL ACTIVITIES				
Capital assets being depreciated				
Equipment	\$ 1,260	\$ -	\$ -	\$ 1,260
Total capital assets being depreciated	1,260	-	-	1,260
Less accumulated depreciation for				
Equipment	735	420	-	1,155
Total accumulated depreciation	735	420	-	1,155
Total capital assets being depreciated, net	525	(420)	-	105
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 525	\$ (420)	\$ -	\$ 105

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 420
<b>TOTAL</b>	<b>\$ 420</b>

**4. RECEIVABLES - TAXES**

Property taxes become an enforceable lien on real property on January 1st 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<sup>st</sup> (December 30 for the 2021 property tax levy), 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 levy on file with the County. Bills are issued and collected by Cook County who remits the SSA's share to the City of Chicago who then remits the monies to the SSA.

**SPECIAL SERVICE AREA NO. 5**  
**CITY OF CHICAGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

---

**5. RELATED PARTY TRANSACTIONS**

The SSA is affiliated with SCPF which provides certain administrative services to the SSA. As of December 31, 2022 and 2021, \$40,816 and \$25,350 was payable for services provided, respectively. Any balance resulted from the timing 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.

**6. CONTINGENT LIABILITIES**

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Fund expects such amounts, if any, to be immaterial.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SPECIAL SERVICE AREA NO. 5  
CHICAGO, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2022

	2022			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 386,648	\$ 320,409	\$ 266,916	\$ (53,493)
TIF revenue	67,891	67,891	67,891	-
Late collections and interest	-	66,239	6	(66,233)
<b>Total revenues</b>	<b>454,539</b>	<b>454,539</b>	<b>334,813</b>	<b>(119,726)</b>
<b>EXPENDITURES</b>				
Customer attraction				
Website	1,200	1,200	324	(876)
Print materials	1,000	1,000	-	(1,000)
Social media outreach	600	600	-	(600)
Special events	13,500	13,500	10,529	(2,971)
Decorative banners	4,500	4,500	-	(4,500)
Holiday decorations	7,482	7,482	7,465	(17)
<b>Total customer attraction</b>	<b>28,282</b>	<b>28,282</b>	<b>18,318</b>	<b>(9,964)</b>
Public way aesthetics				
Landscaping	25,000	25,000	10,046	(14,954)
Façade enhancement rebates	47,500	47,500	-	(47,500)
Public art	-	3,000	2,920	(80)
Snow removal	15,089	15,089	12,400	(2,689)
Sanitation supplies	10,000	7,000	-	(7,000)
Business build out program - rebates	57,500	57,500	-	(57,500)
Maintenance - on-staff personnel	111,275	100,620	86,926	(13,694)
<b>Total public way aesthetics</b>	<b>266,364</b>	<b>255,709</b>	<b>112,292</b>	<b>(143,417)</b>
Sustainability and public places				
Garbage/recycling material program	300	300	-	(300)
<b>Total sustainability and public places</b>	<b>300</b>	<b>300</b>	<b>-</b>	<b>(300)</b>
Economic/business development				
Site marketing	300	300	-	(300)
<b>Total economic/business development</b>	<b>300</b>	<b>300</b>	<b>-</b>	<b>(300)</b>
Safety programs				
Safety improvement program - rebates	25,000	25,000	-	(25,000)
Security patrol services	122,135	122,135	118,163	(3,972)
<b>Total safety programs</b>	<b>147,135</b>	<b>147,135</b>	<b>118,163</b>	<b>(28,972)</b>

(This schedule is continued on the following page.)

**SPECIAL SERVICE AREA NO. 5  
CHICAGO, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended December 31, 2022

	2022			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
SSA Management				
SSA audit	\$ 7,500	\$ 7,500	\$ 7,250	\$ (250)
Office rent	9,000	8,890	3,500	(5,390)
Office utilities	1,176	1,276	1,246	(30)
Office supplies	200	210	-	(210)
Office printing	400	400	-	(400)
Postage	400	400	8	(392)
Commission meeting and training	600	600	442	(158)
Storage space fees	1,200	1,200	1,200	-
Conferences and training	500	500	3	(497)
Total SSA management	<u>20,976</u>	<u>20,976</u>	<u>13,649</u>	<u>(7,327)</u>
Personnel				
Program manager	40,246	36,246	31,045	(5,201)
Executive director	16,448	20,448	20,378	(70)
Bookkeeping and financial services	5,300	5,300	5,300	-
Employee fringe benefits	10,442	21,097	12,525	(8,572)
Total personnel	<u>72,436</u>	<u>83,091</u>	<u>69,248</u>	<u>(13,843)</u>
Total expenditures	<u>535,793</u>	<u>535,793</u>	<u>331,670</u>	<u>(204,123)</u>
<b>CARRYOVER</b>	<u>81,254</u>	<u>81,254</u>	<u>-</u>	<u>(81,254)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>3,143</u>	<u>3,143</u>
<b>FUND BALANCE, JANUARY 1</b>			<u>252,777</u>	
<b>FUND BALANCE, DECEMBER 31</b>			<u>\$ 255,920</u>	

(See independent auditor's report.)

**SPECIAL SERVICE AREA NO. 5  
CITY OF CHICAGO, ILLINOIS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

December 31, 2022 and 2021

---

**BUDGETS**

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at fiscal yearend.

The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget.

The budget may be amended only by the governing body. One budget amendment was approved by the governing body.

Expenditures may not legally exceed budgeted appropriations at the fund level.

## **SUPPLEMENTARY INFORMATION**

**SPECIAL SERVICE AREA NO. 5  
CHICAGO, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND**

For the Years Ended December 31, 2022 and 2021

	<b>2022</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 386,648	\$ 320,409	\$ 266,916	\$ (53,493)
TIF revenue	67,891	67,891	67,891	-
Late collections and interest	-	66,239	6	(66,233)
<b>Total revenues</b>	<b>454,539</b>	<b>454,539</b>	<b>334,813</b>	<b>(119,726)</b>
<b>EXPENDITURES</b>				
Customer attraction				
Website	1,200	1,200	324	(876)
Print materials	1,000	1,000	-	(1,000)
Social media outreach	600	600	-	(600)
Special events	13,500	13,500	10,529	(2,971)
Decorative banners	4,500	4,500	-	(4,500)
Holiday decorations	7,482	7,482	7,465	(17)
<b>Total customer attraction</b>	<b>28,282</b>	<b>28,282</b>	<b>18,318</b>	<b>(9,964)</b>
Public way aesthetics				
Landscaping	25,000	25,000	10,045	(14,955)
Façade enhancement rebates	47,500	47,500	-	(47,500)
Way finding/signage	-	-	-	-
Streetscape elements	-	-	-	-
Public art	-	3,000	2,920	(80)
Snow removal	15,089	15,089	12,400	(2,689)
Sanitation supplies	10,000	7,000	-	(7,000)
Business build out program - rebates	57,500	57,500	-	(57,500)
Maintenance - on-staff personnel	111,275	100,620	86,926	(13,694)
<b>Total public way aesthetics</b>	<b>266,364</b>	<b>255,709</b>	<b>112,291</b>	<b>(143,418)</b>
Sustainability and public places				
Garbage/recycling material program	300	300	-	(300)
<b>Total sustainability and public places</b>	<b>300</b>	<b>300</b>	<b>-</b>	<b>(300)</b>
Economic/business development				
Site marketing	300	300	-	(300)
<b>Total economic/business development</b>	<b>300</b>	<b>300</b>	<b>-</b>	<b>(300)</b>
Safety programs				
Safety improvement program - rebates	25,000	25,000	-	(25,000)
Security patrol services	122,135	122,135	118,163	(3,972)
<b>Total safety programs</b>	<b>147,135</b>	<b>147,135</b>	<b>118,163</b>	<b>(28,972)</b>



2021			
Budgeted Amounts		Actual	Variance with Final Budget
Original	Final		
\$ 359,990	\$ 359,990	\$ 252,581	\$ (107,409)
67,891	67,891	67,891	-
-	-	5	5
427,881	427,881	320,477	(107,404)
1,000	1,000	278	(722)
1,000	1,000	-	(1,000)
600	600	-	(600)
12,000	17,700	17,598	(102)
1,000	1,000	-	(1,000)
7,482	7,782	7,638	(144)
23,082	29,082	25,514	(3,568)
24,000	24,000	7,650	(16,350)
38,000	57,200	57,025	(175)
21,581	500	-	(500)
30,000	2,950	-	(2,950)
-	7,850	7,850	-
15,000	15,000	9,600	(5,400)
10,000	4,000	-	(4,000)
-	21,081	-	(21,081)
100,412	100,212	74,646	(25,566)
238,993	232,793	156,771	(76,022)
300	300	-	(300)
300	300	-	(300)
250	250	-	(250)
250	250	-	(250)
25,000	19,300	2,989	(16,311)
116,000	121,700	121,665	(35)
141,000	141,000	124,654	(16,346)

(The schedule is continued on the following page.)

**SPECIAL SERVICE AREA NO. 5  
CHICAGO, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Years Ended December 31, 2022 and 2021

	2022			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
SSA Management				
SSA audit	\$ 7,500	\$ 7,500	\$ 7,250	\$ (250)
Office rent	9,000	8,890	3,500	(5,390)
Office utilities	1,176	1,276	1,246	(30)
Office supplies	200	210	-	(210)
Office printing	400	400	-	(400)
Postage	400	400	8	(392)
Commission meeting and training	600	600	442	(158)
Storage space fees	1,200	1,200	1,200	-
Conferences and training	500	500	3	(497)
Total SSA management	<u>20,976</u>	<u>20,976</u>	<u>13,649</u>	<u>(7,327)</u>
Personnel				
Program manager	40,246	36,246	31,045	(5,201)
Executive director	16,448	20,448	20,378	(70)
Bookkeeping and financial services	5,300	5,300	5,300	-
Employee fringe benefits	10,442	21,097	12,525	(8,572)
Total personnel	<u>72,436</u>	<u>83,091</u>	<u>69,248</u>	<u>(13,843)</u>
Total expenditures	<u>535,793</u>	<u>535,793</u>	<u>331,670</u>	<u>(204,123)</u>
<b>CARRYOVER</b>	<u>81,254</u>	<u>81,254</u>	<u>-</u>	<u>(81,254)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	3,143	3,143
<b>FUND BALANCE, JANUARY 1</b>			<u>252,777</u>	
<b>FUND BALANCE, DECEMBER 31</b>			<u>\$ 255,920</u>	

2021				
Budgeted Amounts		Actual	Variance with Final Budget	
Original	Final			
\$ 7,000	\$ 7,000	\$ 7,000	\$	-
-	-	-		-
600	1,100	1,055		(45)
200	225	216		(9)
400	300	265		(35)
400	70	37		(33)
600	100	13		(87)
-	1,200	1,200		-
500	250	219		(31)
<u>9,700</u>	<u>10,245</u>	<u>10,002</u>		<u>(240)</u>
51,750	51,205	38,554		(12,651)
16,448	16,448	16,448		-
5,300	5,300	5,300		-
<u>23,594</u>	<u>23,794</u>	<u>12,748</u>		<u>(11,046)</u>
<u>97,092</u>	<u>96,747</u>	<u>73,050</u>		<u>(23,697)</u>
<u>510,417</u>	<u>510,417</u>	<u>389,991</u>		<u>(120,423)</u>
<u>82,536</u>	<u>82,536</u>	<u>-</u>		<u>(82,536)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>(69,514)</u>		<u>(69,517)</u>
		<u>322,291</u>		
		<u>\$ 252,777</u>		

(See independent auditor's report.)

**SPECIAL SERVICE AREA NO. 5  
CITY OF CHICAGO, ILLINOIS**

**SUMMARY SCHEDULE OF FINDINGS**

For the Year Ended December 31, 2022

---

As part of our audit and request by the Special Service Area No. 5 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 the SSA between the City of Chicago and South Chicago Parents and Friends, Inc.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, there were no findings to report in 2022.