

SPECIAL SERVICE AREA NUMBER 39
(Back of the Yards Neighborhood Council, Contractor)
Financial Statements and
Supplementary Information
For the Years Ended December 31, 2021 and 2020

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**SPECIAL SERVICE AREA NUMBER 39
(Back of the Yards Neighborhood Council, Contractor)**

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Certified Public Accountants & Consultants

Independent Auditor's Report

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

Report on Financial Statements

We have audited the accompanying statement of financial position of **SPECIAL SERVICE AREA NUMBER 39** (a taxing district authorized by the City of Chicago), which comprise the statement of net position and governmental funds balance sheet as of December 31, 2021 and 2020 and the related statements of activities and governmental funds, revenues, expenditures and changes in fund balance, for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **SPECIAL SERVICE AREA NUMBER 39** as of December 31, 2021 and 2020, 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.

Other Matters

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 the financial reporting for placing the basic financial statements in an appropriate operations, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The comparison schedules of actual revenues and expenses to budget, the summary schedule of findings, CPA firm license, budget summary and special service area disclosure form for the years ended December 31, 2021 and 2020 on pages 8-14, are presented for comparison and analysis purposes only and are not a required part of the financial statements but are required by the City of Chicago Department of Housing and Economic Development and the City of Chicago **SPECIAL SERVICE AREA NUMBER 39**. The supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Cary J. Hall & Associates, LLC

April 9, 2022
Chicago, Illinois

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SPECIAL SERVICE AREA NUMBER 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, 2021 and 2020

	2021		2020		Statement of Activities
	Governmental Funds	Adjustments	Governmental Funds	Adjustments	
REVENUES					
Property Taxes and Interest	\$ 799,548	\$ (13,800)	\$ 785,748	\$ 439,400	\$ 1,332,447
Total Revenues	799,548	(13,800)	785,748	439,400	1,332,447
EXPENDITURES/EXPENSES					
Program Services:					
Customer Attraction	25,673	-	25,673	-	111,745
Public Way Aesthetics	366,600	-	366,600	-	349,094
Sustainability and Public Places	3,412	-	3,412	-	4,262
Economic / Business Development	81,254	-	81,254	-	81,105
Safety Programs	5,495	-	5,495	-	4,027
Administration:					
Personnel - non-service (office)	136,388	-	136,388	-	188,027
SSA Management	51,120	-	51,120	-	50,717
Total Expenditures	669,942	-	669,942	-	788,977
Excess of Revenues Over (Under) Expenses	129,606	(13,800)	115,806	439,400	543,470
Change in Net Position	129,606	(13,800)	115,806	439,400	543,470
FUND BALANCE/NET POSITION					
Beginning of Year	680,168	892,400	1,572,568	453,000	1,029,098
End of year	\$ 809,774	\$ 878,600	\$ 1,688,374	\$ 892,400	\$ 1,572,568

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

Net change in fund balance - governmental funds	\$ 129,606	\$ 104,070
Property tax revenue is recognized in the year it is available rather than when it is levied for governmental funds	(13,800)	439,400
Net change in net position - governmental funds	\$ 115,806	\$ 543,470

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

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

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Reporting Entity - Special Service Area ("SSA") # 39 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 Treasure, and then distributed by the City of Chicago, to the SSA.

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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.

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 NUMBER 39
(Back of the Yards Neighborhood Council, Contractor)

Notes to Financial Statements
December 31, 2021 and 2020

NOTE 1 - 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.

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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 9, 2022, the date on which the financial statements were available to be issued.

NOTE 2 - 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 NUMBER 39
(Back of the Yards Neighborhood Council, Contractor)

Notes to Financial Statements
December 31, 2021 and 2020

NOTE 3 - 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:

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	2021	2020
Shuttle Bus		7,786
Bookkeeping	3,000	3,000
Rent	15,000	15,000
Office utilities	9,000	9,000
Office supplies	5,625	1,475
Office equipment	3,500	3,500
Office printing	1,500	1,442
Postage	2,000	2,000
Bank fees		208
Storage fees		1,800
Liability and property insurance	8,000	8,000
Personnel	423,981	424,410
Totals	\$ 471,606	\$ 477,621

NOTE 4 - PROPERTY TAXES

Property taxes become an enforceable lien on real property on January 1 of the year it is levied. Taxes are payable in two installments in the subsequent year. The first installment is an estimate based on the 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

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

Comparison Schedules of Actual Revenues and Expenses to Budget
 For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Actual	Budget	Variance	Actual	Budget	Variance
REVENUES						
Real estate taxes - current period	\$ 789,438	\$ 878,600	\$ (89,162)	\$ 906,191	\$ 892,400	\$ 13,791
Real estate taxes - prior period	2,438	-	2,438	(13,272)	-	(13,272)
Real estate taxes - carryover		35,800	(35,800)			
Interest and other income	13	-	13	-	-	-
Loss collection	7,659	7,659	-	128	-	128
Total Support and Revenues	799,548	922,059	(122,511)	893,047	892,400	647
EXPENDITURES/EXPENSES						
Program Services:						
Customer Attraction						
Website	5,807	7,500	(1,693)	10,028	7,500	2,528
Special events	4,752	9,300	(4,548)	89,010	87,500	1,510
Social media management	12,997	15,000	(2,003)	-	-	-
Decorative banners	-	3,000	(3,000)	4,727	2,500	2,227
Holiday decorations	-	7,500	(7,500)	3,400	7,500	(4,100)
Print materials	2,117	3,000	(883)	1,330	2,500	(1,170)
Display advertising		7,500	(7,500)	3,250	7,500	(4,250)
Total Customer Attraction	25,673	52,800	(27,127)	111,745	115,000	(3,255)
Public Way Aesthetics						
Acid etching removal and/or prevention	10,235	20,000	(9,765)	45,051	30,000	15,051
Landscaping	56,285	45,000	11,285	44,826	45,000	(174)
Façade enhancement program	-	75,000	(75,000)	2,300	15,000	(12,700)
Way finding / signage	-	4,859	(4,859)	-	-	-

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

SPECIAL SERVICE AREA NUMBER 39
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Comparison Schedules of Actual Revenues and Expenses to Budget
 For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Actual	Budget	Variance	Actual	Budget	Variance
Public Way Aesthetics -continued						
Streetscape elements	37,360	50,000	(12,640)	49,709	50,000	(291)
Public art	15,000	15,000	-	-	15,000	(15,000)
Maintenance - on staff personnel	239,399	261,263	(21,864)	198,656	261,263	(62,607)
Fuel, maintenance and repairs	6,013	6,200	(187)	1,981	6,200	(4,219)
Supplies	2,308	2,500	(192)	6,571	2,500	4,071
Total Public Way Aesthetics	366,600	479,822	(113,222)	349,094	424,963	(75,869)
Sustainability and Public Places						
Garbage / recycling material program	3,412	4,000	(588)	4,262	4,000	262
Total Sustainability and Public Places	3,412	4,000	(588)	4,262	4,000	262
Economic / Business Development						
Shuttle service non-personnel	9,832	10,000	(168)	10,000	10,000	-
Shuttle service personnel	51,423	51,423	-	51,105	51,423	(318)
Strategic planning	-	15,800	(15,800)	-	-	-
Economic impact study, market study, branding	-	15,000	(15,000)	-	15,800	(15,800)
Data collection	19,999	25,000	(5,001)	20,000	25,000	(5,000)
COVID-19 assistance and relief	-	2,000	(2,000)	-	-	-
Total Economic / Business Developer	81,254	119,223	(37,969)	81,105	102,223	(21,118)
Safety Programs						
Public way surveillance cameras / maintenance	5,495	25,000	(19,505)	4,027	5,000	(973)
Total Safety Programs	5,495	25,000	(19,505)	4,027	5,000	(973)

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

SPECIAL SERVICE AREA NUMBER 39
 (Back of the Yards Neighborhood Council, Contractor)
 Comparison Schedules of Actual Revenues and Expenses to Budget
 For the Years Ended December 31, 2021 and 2020

	2021		2020			
	Actual	Budget	Variance	Actual	Budget	Variance
Administration:						
Personnel						
Non-service (office) personnel	136,388	188,464	(52,076)	188,027	188,464	(437)
Total Personnel	136,388	188,464	(52,076)	188,027	188,464	(437)
SSA Management						
SSA Audit	4,500	4,500	-	4,500	4,500	-
Bookkeeping	3,000	3,000	-	3,000	3,000	-
Office rent	15,000	15,000	-	15,000	15,000	-
Office utilities	9,000	9,000	-	9,000	9,000	-
Office supplies	1,520	1,500	20	1,475	1,500	(25)
Office equipment lease / maintenance	3,500	3,500	-	3,500	3,500	-
Office printing	1,500	1,500	-	1,442	1,500	(58)
Postage	2,000	2,000	-	2,000	2,000	-
Commission meetings and trainings		1,750	(1,750)	564	1,750	(1,186)
Subscription / dues	100	100	-	-	100	(100)
SSA bank account fees		500	(500)	436	500	(64)
Storage space fees	3,000	2,400	600	1,800	2,400	(600)
Liability / property insurance	8,000	8,000	-	8,000	8,000	-
Total SSA Management	51,120	52,750	(1,630)	50,717	52,750	(2,033)
Total Expenses	669,942	922,059	(252,117)	788,977	892,400	(103,423)
Excess (Expenses) Revenues Over Expenditures	\$ 129,606	\$ -	\$ 129,606	\$ 104,070	\$ -	\$ 104,070

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

SPECIAL SERVICE AREA NUMBER 39
(Back of the Yards Neighborhood Council, Contractor)
 Summary Schedule of Findings
 For the Years Ended December 31, 2021 and 2020

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.

Certain items of emphasis are provided:

SIGNIFICANT ASSUMPTIONS	2021	2020
Current Year Levy	\$ 878,600	\$ 892,400
Uncollected balance in prior year levies	\$ 989,152	\$ 1,057,302
Prior year deferred revenue was	\$ 878,600	\$ 892,400

Allowance is approximately 6 % of the receivable in loss collection.

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