

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 7

SSA Provider Name: Back of the Yards Neighborhood Council

Submission Date: 04-29-2021

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
8-9	5. Statement of Revenues and Expenditures – Budget and Actual
1-2	Auditor's Opinion on Financial Statements
10	Schedule of Findings – Current and Prior Year, if applicable
10	Corrective Action Plan – Current and Prior Year, if applicable (if findings)*
11	Audit Firm CPA License
12	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

**KEDZIE INDUSTRIAL TRACT
SPECIAL SERVICE AREA NUMBER 7
(Back of the Yards Neighborhood Council, Contractor)
Financial Statements and
Supplementary Information
For the Years Ended December 31, 2020 and 2019**

**KEDZIE INDUSTRIAL TRACT
SPECIAL SERVICE AREA NUMBER 7
(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 Kedzie Industrial Tract
Special Service Area # 7
Back of the Yards Neighborhood Council, Contractor
Chicago, IL

Report on Financial Statements

We have audited the accompanying statement of financial position of **KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7** (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, 2020 and 2019 and the related statements of activities and governmental funds, revenues, expenditures and changes in fund balance, for the years ended December 31, 2020 and 2019, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7** as of December 31, 2020 and 2019, 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 for the years ended December 31, 2020 and 2019 on page 8-9, summary schedule of findings on page 10, audit firm license page 10, and budget summary on page 12, 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 **KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**. 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 28, 2021
Chicago, Illinois

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7
(Back of the Yards Neighborhood Council, Contractor)

Statements of Net Position and Governmental Funds Balance Sheet
 December 31, 2020 and 2019

	2020		2019			
	Governmental Funds	Adjustments	Statement of Net Position	Governmental Funds	Adjustments	Statement of Net Position
ASSETS						
Cash	\$ 41,779	\$ -	\$ 41,779	\$ 53,705	\$ -	\$ 53,705
Real estate taxes receivable, less allowance for uncollectible taxes of \$12,000	151,277	-	151,277	152,625	-	152,625
Total Assets	<u>\$ 193,056</u>	<u>\$ -</u>	<u>\$ 193,056</u>	<u>\$ 206,330</u>	<u>\$ -</u>	<u>\$ 206,330</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 2,386	\$ -	\$ 2,386	\$ 4,378	\$ -	\$ 4,378
Total Liabilities	2,386	-	2,386	4,378	-	4,378
DEFERRED INFLOWS						
Deferred property tax revenue	127,082	(127,082)	-	124,483	(124,483)	-
FUND BALANCE/NET POSITION						
Unassigned	63,588	(63,588)	-	77,469	(77,469)	-
Total Fund Balance	63,588	(63,588)	-	77,469	(77,469)	-
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 193,056</u>	<u>\$ (190,670)</u>	<u>\$ 190,670</u>	<u>\$ 206,330</u>	<u>\$ (201,952)</u>	<u>\$ 201,952</u>
Net Position - Unrestricted						
Amounts reported for governmental activities in the statement of net position are different because:						
Total fund balance - governmental funds	\$ 63,588		\$ 63,588			\$ 77,469
Property tax revenue is recognized in the period it is levied rather than when "available"			127,082			124,483
A portion of the property tax is deferred as it is not available in the governmental funds.						
Total net position - governmental activities	<u>\$ 190,670</u>		<u>\$ 190,670</u>			<u>\$ 201,952</u>

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

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7
(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, 2020 and 2019

	2020			2019		
	Governmental Funds	Adjustments	Statement of Activities	Governmental Funds	Adjustments	Statement of Activities
REVENUES						
Property Taxes	\$ 100,274	\$ 2,599	\$ 102,873	\$ 144,470	\$ (1,063)	\$ 143,407
Total Revenues	100,274	2,599	102,873	144,470	(1,063)	143,407
EXPENDITURES/EXPENSES						
Program Services:						
Customer Attraction	500	-	500	1,000	-	1,000
Public Way Aesthetics	7,500	-	7,500	8,915	-	8,915
Safety programs	70,177	-	70,177	70,468	-	70,468
Personnel - Operational Program Support Administration:	21,000	-	21,000	23,000	-	23,000
SSA Management	14,978	-	14,978	15,065	-	15,065
Total Expenditures/ Expenses	114,155	-	114,155	118,448	-	118,448
Excess of Revenues Over (Under) Expenses	(13,881)	2,599	(11,282)	26,022	(26,022)	24,959
Change in Net Position	(13,881)	2,599	(11,282)	26,022	(26,022)	24,959
FUND BALANCE/NET POSITION						
Beginning of Year	77,469	73,501	150,971	51,447	125,546	176,993
End of year	\$ 63,588	\$ 78,699	\$ 142,288	\$ 77,469	\$ 73,501	\$ 150,971
Amount reported for governmental activities in the statement of net position are different because:						
Net change in fund balance - governmental funds			\$ (13,881)			\$ 26,022
Property tax revenue is recognized in the year it is levied rather than when its available for governmental funds			2,599			(1,063)
Net change in net position - governmental funds			\$ (11,282)			\$ 24,959

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

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

(Back of the Yards Neighborhood Council, Contractor)

Notes to Financial Statements

December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Reporting Entity - Special Service Area ("SSA") #7 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 Kedzie Industrial Tract 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 # 7 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).

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.

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7
(Back of the Yards Neighborhood Council, Contractor)

Notes to Financial Statements

December 31, 2020 and 2019

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.

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 7" 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 28, 2021, 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.

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

(Back of the Yards Neighborhood Council, Contractor)

Notes to Financial Statements

December 31, 2020 and 2019

NOTE 3 - RELATED PARTY TRANSACTIONS

The Organization is an affiliate of Special Service Area Numbers 13, 10, 39 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:

	<u>2020</u>	<u>2019</u>
Sidewalk maintenance	\$ 4,000	\$ 500
Display advertising	-	500
Maintenance - personnel	-	3,000
Maintenance supplies	1,900	1,900
Audit/ Bookkeeping	500	5,000
Office rent	6,000	6,000
Office utilities	1,000	1,000
Liability - property insurance	2,750	3,000
Personnel	21,000	23,000
Totals	<u>\$ 31,250</u>	<u>\$ 38,000</u>

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

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7
(Back of the Yards Neighborhood Council, Contractor)

Schedule of Revenues and Expenditures - Budget and Actual
 For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Actual	Budget	Variance	Actual	Budget	Variance
REVENUES						
Real estate taxes current period	\$ 116,370	\$ 150,100	\$ (33,730)	\$ 147,174	\$ 127,537	\$ 19,637
Real estate taxes - prior period	(14,602)	-	(14,602)	309	-	309
Interest and other income	15	-	15	41	-	41
Loss collection	(1,509)	(1,509)	-	(3,054)	(3,054)	-
Total Revenues	100,274	148,591	(48,317)	144,470	124,483	19,987
EXPENDITURES						
Customer Attraction						
Website	500	500	-	500	500	-
Print Materials	-	500	(500)	500	500	-
Total Customer Attraction	500	1,000	(500)	1,000	1,000	-
Public Way Aesthetics						
Landscaping	-	4,000	(4,000)	-	4,000	(4,000)
Sidewalk Maintenance	4,000	3,000	1,000	3,000	3,000	-
Way finding/signage	-	2,000	(2,000)	1,600	2,000	(400)
Gate maintenance / repair	1,600	5,133	(3,533)	2,415	5,133	(2,718)
Supplies	1,900	1,900	-	1,900	1,900	-
Total Public Way Aesthetics	7,500	16,033	(8,533)	8,915	16,033	(7,118)
Safety Programs						
Security patrol services	70,177	95,358	(25,181)	70,468	95,358	(24,890)
Total Safety Programs	70,177	95,358	(25,181)	70,468	95,358	(24,890)

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

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7
(Back of the Yards Neighborhood Council, Contractor)

Schedule of Revenues and Expenditures - Budget and Actual
 For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Actual	Budget	Variance	Actual	Budget	Variance
Personnel						
Program personal cost allocation	21,000	21,000	-	23,000	23,000	-
Total Personnel	21,000	21,000	-	23,000	23,000	-
SSA Management						
Audit/ Bookkeeping	5,000	5,000	-	5,000	5,000	-
Office Rent	6,000	6,000	-	6,000	6,000	-
Office utilities	1,000	1,000	-	1,000	1,000	-
Meeting expenses	-	200	(200)	65	200	(135)
Liability / property insurance	2,978	3,000	(22)	3,000	3,000	-
Total SSA Management	14,978	15,200	(222)	15,065	15,200	(135)
Total Expenses	114,155	148,591	(34,436)	118,448	150,591	(32,143)
Excess of Revenue over (Under) Expenses	\$ (13,881)	\$ -	\$ (13,881)	\$ 26,022	\$ (26,108)	\$ 52,130

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

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

(Back of the Yards Neighborhood Council, Contractor)

Summary Schedule of Findings

For the Year Ended December 31, 2020 and 2019

We have read the requirements of the Service Provider Agreement between Special Service Area # 7 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	<u>2020</u>	<u>2019</u>
Current Year Levy	\$ 148,591	\$ 124,483
Uncollected balance in prior year levies	\$ 151,277	\$ 152,625
Prior year deferred revenue was	\$ 124,483	\$ 125,546

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

See independent auditor's report on additional information.

**SPECIAL SERVICE AREA # 7
(BACK OF THE YARDS NEIGHBORHOOD COUNCIL, CONTRACTOR)
FIRM LICENSE
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**



**SPECIAL SERVICE AREA # 7
 (BACK OF THE YARDS NEIGHBORHOOD COUNCIL, CONTRACTOR)
 BUDGET SUMMARY
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Exhibit A
 Budget**

Special Service Area # 7

SSA Name: Kedzie Industrial Tract

2020 BUDGET SUMMARY

Budget and Services Period: January 1, 2020 through December 31, 2020

CATEGORY	2019 Levy		Carryover Funds	TIF Rebate Fund #	Estimated Late Collections and Interest	Total All Sources
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$1,000	\$0	\$0	\$0	\$0	\$1,000
2.00 Public Way Aesthetics	\$16,033	\$0	\$0	\$0	\$0	\$16,033
3.00 Sustainability and Public Places	\$0	\$0	\$0	\$0	\$0	\$0
4.00 Economic/ Business Development	\$0	\$0	\$0	\$0	\$0	\$0
5.00 Safety Programs	\$72,340	\$1,509	\$20,000	\$0	\$1,509	\$95,358
6.00 SSA Management	\$15,200	\$0	\$0	\$0	\$0	\$15,200
7.00 Personnel	\$21,000	\$0		\$0	\$0	\$21,000
	Sub-total	\$125,573	\$1,509			
GRAND TOTALS	Levy Total	\$127,082	\$20,000	\$0	\$1,509	\$148,591

LEVY ANALYSIS

Estimated 2019 EAV:	\$16,357,769
Authorized Tax Rate Cap:	0.980%
Maximum Potential Levy limited by Rate Cap:	\$160,306
Requested 2019 Levy Amount:	\$127,082
Estimated Tax Rate to Generate 2018 Levy:	0.7769%