

SPECIAL SERVICE AREA NUMBER 13
(Back of the Yards Neighborhood Council, Contractor)
Financial Statements and
Supplemental Information
For the Years Ended December 31, 2018 and 2017

SPECIAL SERVICE AREA NUMBER 13
(Back of the Yards Neighborhood Council, Contractor)

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Cary J. Hall & Associates, LLC
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Independent Auditor's Report

To the Board of Directors - Commissioners of Special Service Area # 13
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 13** (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, 2018 and 2017 and the related statements of activities and governmental funds, revenues, expenditures and changes in fund balance, for the years ended December 31, 2018 and 2017, 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 **SPECIAL SERVICE AREA NUMBER 13** as of December 31, 2018 and 2017, 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, 2018 and 2017 on page 9 - 11, 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 13**. 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 21, 2019
Chicago, Illinois

SPECIAL SERVICE AREA NUMBER 13
(Back of the Yards Neighborhood Council, Contractor)
 Statements of Net Position and Governmental Funds Balance Sheets
 December 31, 2018 and 2017

	2018		2017	
	Governmental Funds	Statement of Net Position	Governmental Funds	Statement of Net Position
ASSETS				
Cash and cash equivalents	\$ 60,494	\$ 60,494	\$ 53,371	\$ 53,371
Real estate taxes receivable, less allowance for uncollectible taxes of \$80,000 and \$140,000	1,235,644	1,235,644	1,448,009	1,448,009
Total Assets	<u>\$ 1,296,138</u>	<u>\$ 1,296,138</u>	<u>\$ 1,501,380</u>	<u>\$ 1,501,380</u>
LIABILITIES				
Accounts payable	\$ 13,239	\$ 13,239	\$ 53,616	\$ 53,616
Total Liabilities	13,239	13,239	53,616	53,616
DEFERRED INFLOWS				
Deferred property tax revenue	1,279,718	(1,279,718)	1,198,411	(1,198,411)
FUND BALANCE/NET POSITION				
Unassigned	3,181	(3,181)	249,353	(249,353)
Total Fund Balance	<u>3,181</u>	<u>(3,181)</u>	<u>249,353</u>	<u>(249,353)</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 1,296,138</u>	<u>\$ 1,282,899</u>	<u>\$ 1,501,380</u>	<u>\$ 1,447,764</u>
Net Position - Unrestricted		<u>\$ 1,282,899</u>		<u>\$ 1,447,764</u>
Amount reported for governmental activities in the statement of net position are different because:				
Total fund balance - governmental funds	\$ 3,181	\$ 3,181	\$ 249,353	\$ 249,353
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		1,279,718		1,198,411
Total Net Position	<u>\$ 1,282,899</u>	<u>\$ 1,282,899</u>	<u>\$ 1,447,764</u>	<u>\$ 1,447,764</u>

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

SPECIAL SERVICE AREA NUMBER 13
(Back of the Yards Neighborhood Council, Contractor)

Statements of Activities and Governmental Funds, Revenues,
 Expenditures and Changes in Fund Balances

For the Years Ended December 31, 2018 and 2017

	2018			2017		
	Governmental Funds	Adjustments	Statement of Activities	Governmental Funds	Adjustments	Statement of Activities
REVENUES						
Property Taxes	\$ 944,816	\$ 81,307	\$ 1,026,123	\$ 969,289	\$ 15,000	\$ 984,289
Interest income	191	-	191	15	-	15
Total Revenues	<u>945,007</u>	<u>81,307</u>	<u>1,026,314</u>	<u>969,304</u>	<u>15,000</u>	<u>984,304</u>
EXPENDITURES/EXPENSES						
Customer Attraction	27,619	-	27,619	25,354	-	30,161
Public Way Aesthetics	379,808	-	379,808	217,414	-	94,074
Sustainability and Public Places	7,046	-	7,046	6,128	-	2,590
Economic / Business Development	39,383	-	39,383	41,120	-	30,747
Safety Programs	337,526	-	337,526	368,393	-	351,101
Personnel - Operational Program Support	103,131	-	103,131	375,605	-	375,605
Loss Collection	135,855	-	135,855	52,026	-	52,026
Administration:						
SSA Management	160,811	-	160,811	99,463	-	138,211
Total Expenditures/ Expenses	<u>1,191,179</u>	<u>-</u>	<u>1,191,179</u>	<u>1,185,503</u>	<u>-</u>	<u>1,074,515</u>
Excess of (Expenses) Revenues over Expenses	(246,172)	246,172		(216,199)	216,199	
Change in Net Position		(164,865)	(164,865)		(201,199)	(201,199)
FUND BALANCE/NET POSITION						
Beginning of Year	249,355	1,198,411	1,447,764	465,552	1,183,411	1,648,963
End of year	<u>\$ 3,181</u>	<u>\$ 1,279,718</u>	<u>\$ 1,282,899</u>	<u>\$ 249,353</u>	<u>\$ 1,198,411</u>	<u>\$ 1,447,764</u>

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

Net change in fund balance - governmental funds	\$ (246,172)
Property tax revenue is recognized in the year it is available rather than when it is levied for governmental funds	81,307
Net change in net position - governmental funds	<u>\$ (164,865)</u>

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

SPECIAL SERVICE AREA NUMBER 13
(Back of the Yards Neighborhood Council, Contractor)

Notes to Financial Statements
December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Reporting Entity - Special Service Area ("SSA") #13 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 Stockyards Industrial Park. 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 # 13 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.

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. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end. Expenditures are recorded when the liability is incurred.

The 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, hereafter referred to as GAAP (generally accepted accounting principles).

SPECIAL SERVICE AREA NUMBER 13
(Back of the Yards Neighborhood Council, Contractor)
Notes to Financial Statements
December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The accepted standard-setting body for established government accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

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.

For the government-wide financial statements, net position is reported as invested in capital assets net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt, if applicable, is comprised of the net capital asset balance less any related debt. Restricted net position is when restrictions are placed on net assets from 1) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. The remaining net position is classified as unrestricted.

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.

Special Service Area Agreement - The City of Chicago has established a special service area known and designated as "Special Service Area Number 13" to provide special services in addition to those services generally provided by the City.

SPECIAL SERVICE AREA NUMBER 13
(Back of the Yards Neighborhood Council, Contractor)

Notes to Financial Statements

December 31, 2018 and 2017

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.

Date of Management's Review - Management has evaluated subsequent events through April 21, 2019, 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.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Organization is an affiliate of the Special Service Area Numbers 7, 10 and 39 and Back of the Yards Neighborhood Council. The Organization contracts with 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.

The service provider transactions for the years ended December 31, 2018 and 2017 are summarized below:

	2018	2017
Special events	\$ 525	\$ 525
Equipment lease	8,000	12,837
Bookkeeping	4,000	4,000
Office rent	15,500	11,000
Office utilities	4,500	2,000
Office supplies	2,042	2,347
Office equipment	3,417	3,500
Office printing	1,500	1,500
Postage	1,542	1,500
Meeting expenses	-	704
Bank fees	500	-
Supplemental transit	2,000	-
Insurance	23,500	22,000
Personnel	485,836	413,835
Total expenses	<u>\$ 552,862</u>	<u>\$ 475,748</u>

SPECIAL SERVICE AREA NUMBER 13
(Back of the Yards Neighborhood Council, Contractor)
Notes to Financial Statements
December 31, 2018 and 2017

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

SPECIAL SERVICE AREA NUMBER 13
(Back of the Yards Neighborhood Council, Contractor)
Schedules of Revenue and Expenditures - Budget and Actual
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	Actual	Budget	Variance	Actual	Budget	Variance
REVENUES						
Real estate taxes current period	\$ 1,011,001	\$ 1,009,553	\$ 1,448	\$ 950,152	\$ 1,060,039	\$ (109,887)
Real estate taxes prior period	(212,531)	68,282	(280,813)	(119,235)	159,006	(278,241)
TIF rebate	146,346	156,487		138,372	138,372	
Real estate taxes - carryover	-	45,396	(45,396)	-	100,000	(100,000)
Interest and other income	191	-	191	15	-	15
Total Revenues	945,007	1,279,718	(324,570)	969,304	1,457,417	(488,113)
EXPENDITURES						
Customer Attraction						
Website	1,260	3,000	(1,740)	1,314	4,500	(3,186)
Special events	11,166	14,383	(3,217)	10,040	10,300	(260)
Decorative banners	-	3,500	(3,500)	10,696	7,000	3,696
Holiday decorations	12,800	16,000	(3,200)	2,594	8,000	(5,406)
Display advertising	2,393	4,391	(1,998)	710	15,000	(14,290)
Total Customer Attraction	27,619	41,274	(13,655)	25,354	44,800	(19,446)
Public Way Aesthetics						
Landscaping	71,111	79,500	(8,389)	104,980	105,000	(20)
Streetscape elements	2,182	33,000	(30,818)	35,400	280,000	(244,600)
Sidewalk maintenance	-	33,000	(33,000)	26,496	94,050	(67,554)
Maintenance - On staff personnel	290,416	290,706	(290)	-	260,825	(260,825)
City permits	-	3,000	(3,000)	34,138	9,000	25,138
Equipment lease	16,099	15,000	1,099	15,000	15,000	-
Gate repair and maintenance	-	8,000	(8,000)	1,400	8,000	(6,600)
Total Public Way Aesthetics	379,808	462,206	(82,398)	217,414	771,875	(554,461)

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

SPECIAL SERVICE AREA NUMBER 13
(Back of the Yards Neighborhood Council, Contractor)
Schedules of Revenue and Expenditures - Budget and Actual
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	Actual	Budget	Variance	Actual	Budget	Variance
Sustainability and Public Places						
Garbage / recycling material program	7,046	7,000	46	6,128	4,000	2,128
Total Sustainability and Public Places	7,046	7,000	46	6,128	4,000	2,128
Economic / Business Development						
Site marketing	8,910	15,000	(6,090)	10,000	10,000	-
Supplemental transit	10,473	41,055	(30,582)	11,120	4,000	7,120
Wi-Fi district infrastructure / maintenance	-	-	-	-	13,000	(13,000)
Data collection	20,000	20,000	-	20,000	20,000	-
Continuing education	-	-	-	-	500	(500)
Total Economic / Business Development	39,383	76,055	(36,672)	41,120	47,500	(6,380)
Safety Programs						
Public way surveillance cameras/maintenance	-	10,000	(10,000)	-	10,000	(10,000)
Security patrol services	337,526	418,143	(80,617)	368,393	418,143	(49,750)
Total Safety Programs	337,526	428,143	(90,617)	368,393	428,143	(59,750)
Personnel						
Program personal cost allocation	103,131	390,956	(287,825)	375,605	375,605	-
Total Personnel	103,131	390,956	(287,825)	375,605	375,605	-
SSA Management						
Administrative personnel cost allocation	95,177	95,177	-	38,320	87,693	(49,373)
Audit	4,500	7,000	(2,500)	6,500	4,000	2,500
Bookkeeping	4,000	4,000	-	4,000	3,000	1,000
Office rent	15,500	15,000	500	11,000	10,000	1,000
Office utilities	4,500	4,000	500	2,000	1,000	1,000

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

SPECIAL SERVICE AREA NUMBER 13
(Back of the Yards Neighborhood Council, Contractor)
Schedules of Revenue and Expenditures - Budget and Actual

	2018			2017		
	Actual	Budget	Variance	Actual	Budget	Variance
SSA Management - continued						
Office supplies	2,042	2,000	42	2,347	2,550	(203)
Office equipment lease / maintenance	3,417	3,500	(83)	3,500	3,500	-
Office printing	1,500	1,500	-	1,500	1,250	250
Postage	1,541	1,500	41	1,500	1,225	275
Meeting expense	445	1,500	(1,055)	571	1,500	(929)
Banking fees	500	500	-	182	500	(318)
Equipment purchase / maintenance	1,989	2,000	(11)	3,347	3,000	347
Conferences and training	-	500	(500)	-	-	-
Storage fees	2,200	2,400	(200)	2,696	2,400	296
Liability / property insurance	23,500	23,000	500	22,000	18,457	3,543
Total SSA Management	160,811	163,577	(2,766)	99,463	140,075	(40,612)
Loss Collection	135,855	33,891	101,964	52,026	52,026	-
Total Expenses	1,191,179	1,603,102	(411,923)	1,185,503	1,864,024	(678,521)
Excess of Revenues (Expenses) over Revenues	\$ (246,172)	\$ (323,384)	\$ 87,353	\$ (216,199)	\$ (406,607)	\$ 190,408

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

SPECIAL SERVICE AREA NUMBER 13
(Back of the Yards Neighborhood Council, Contractor)
Summary Schedules of Findings
For the Years Ended December 31, 2018 and 2017

We have read the requirements of the Service Provider Agreement between Special Service Area # 13, 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>2018</u>	<u>2017</u>
Current Year Levy	\$ 1,279,718	\$ 1,198,411
Uncollected balance in prior year levies	\$ 1,235,644	\$ 1,448,009
Prior year deferred revenue was	\$ 1,279,718	\$ 1,198,411

Allowance is approximately 5 % of the receivable in loss collection.

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