

**Special Service Area 18**  
**(a taxing district authorized by the City of Chicago)**  
**Managed by Northalsted Area Merchants Association**  
**d/b/a Northalsted Business Alliance**

**Financial Statements**  
**December 31, 2018 and 2017**

**Special Service Area 18**  
**(a taxing district authorized by the City of Chicago)**  
**Managed by Northalsted Area Merchants Association**  
**d/b/a Northalsted Business Alliance**

**Financial Statements**  
**December 31, 2018 and 2017**

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Independent Auditor's Report

To the Commissioners of  
Special Service Area 18  
Managed by Northalsted Area Merchants Association  
d/b/a Northalsted Business Alliance

We have audited the accompanying financial statements of Special Service Area 18, (a taxing district authorized by the City of Chicago) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Special Service Area 18 basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Special Service Area 18 as of December 31, 2018 and 2017, and its statements of activities and governmental fund/revenues, expenditures and changes in fund balances for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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 an opinion on the financial statements as a whole. The schedule of revenues and expenditures - budget and actual on page 11 and 12, are presented for comparison and analysis purposes only. The supplementary information is not a required part of the basic financial statements. We have not performed any auditing procedures on the budget amounts and therefore, express no opinion on them.

*Eilts & Associates, Inc.*

EILTS & ASSOCIATES, INC.  
Chicago, Illinois  
April 10, 2019



**Special Service Area 18**  
**Managed by Northalsted Area Merchants Association**  
**d/b/a Northalsted Business Alliance**  
**Statements of Net Position and**  
**Governmental Fund Balance Sheets**  
**December 31, 2018 and 2017**

	2018			2017		
	Governmental Fund	Adjustments	Statement of Net Position	Governmental Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>						
Cash and cash equivalents	\$ 20,021	\$ -	\$ 20,021	\$ 15,580	\$ -	\$ 15,580
Property tax receivable, net allowance of uncollectable \$10,000 & \$10,000	474,480	-	474,480	473,494	-	473,494
Other receivable	-	-	-	494	-	494
<b>Total Assets</b>	<b>\$ 494,501</b>	<b>\$ -</b>	<b>\$ 494,501</b>	<b>\$ 489,568</b>	<b>\$ -</b>	<b>\$ 489,568</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 6,126	\$ -	\$ 6,126	\$ 8,432	\$ -	\$ 8,432
Due to City of Chicago	663	-	663	-	-	-
<b>Total Liabilities</b>	<b>6,789</b>	<b>-</b>	<b>6,789</b>	<b>8,432</b>	<b>-</b>	<b>8,432</b>
<b>DEFERRED INFLOWS</b>						
Deferred property tax revenue	474,480	(474,480)	-	473,494	(473,494)	-
<b>Total Deferred Inflows</b>	<b>474,480</b>	<b>(474,480)</b>	<b>-</b>	<b>473,494</b>	<b>(473,494)</b>	<b>-</b>
<b>FUND BALANCE / NET POSITION</b>						
Committed						
Streetscape elements	1,300	(1,300)	-	-	-	-
Unassigned	11,932	(11,932)	-	7,642	(7,642)	-
<b>Total Fund balance</b>	<b>13,232</b>	<b>(13,232)</b>	<b>-</b>	<b>7,642</b>	<b>(7,642)</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<b>\$ 494,501</b>			<b>\$ 489,568</b>		
<b>Net Position - Unrestricted</b>		<b>\$ (487,712)</b>	<b>\$ 487,712</b>		<b>\$ (481,136)</b>	<b>\$ 481,136</b>

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

Total fund balance - governmental funds	\$ 13,232	\$ 7,642
Property tax revenue is recognized in the period for which levied rather than when "available." A portion of the property tax is deferred as it is not available in the government funds.	474,480	473,494
<b>Total net position - governmental activities</b>	<b>\$ 487,712</b>	<b>\$ 481,136</b>

See notes to the financial statements and independent auditor's report

**Special Service Area 18**  
**Managed by Northalsted Area Merchants Assoc.**  
**d/b/a Northalsted Business Alliance**  
**Statements of Activities and Governmental Fund,**  
**Revenues, Expenditures**  
**and Changes in Fund Balances**  
**December 31, 2018 and 2017**

	2018			2017		
	Governmental Fund	Adjustments	Statement of Activities	Governmental Fund	Adjustments	Statement of Activities
<b>REVENUES</b>						
Property taxes and interest	\$ 487,928	\$ 2,286	\$ 490,214	\$ 461,010	\$ 33,023	\$ 494,033
Total Revenues	487,928	2,286	490,214	461,010	33,023	494,033
<b>EXPENDITURES</b>						
Customer attraction	140,975	-	140,975	133,547	-	133,547
Public way aesthetics	243,165	-	243,165	195,617	-	195,617
Econ/business development	6,505	-	6,505	368	-	368
Safety programs	125	-	125	1,407	-	1,407
SSA management	32,868	-	32,868	28,579	-	28,579
Personnel	60,000	-	60,000	65,644	-	65,644
Total Expenditures	483,638	-	483,638	425,162	-	425,162
Excess of Revenues over Expenditures	4,290	2,286	6,576	35,848	33,023	68,871
Change in Net Position	4,290	2,286	6,576	35,848	33,023	68,871
Fund Balance/Net Position						
Beginning of the Year	7,642	473,494	481,136	(28,206)	440,471	412,265
End of the Year	\$ 11,932	\$ 475,780	\$ 487,712	\$ 7,642	\$ 473,494	\$ 481,136

Amounts reported for governmental activities in the statement of activities is different because:

Net change in Fund balance - governmental funds	\$ 4,290	\$ 35,848
Property tax is recognized in the year it is levied rather than when it is available for governmental funds	2,286	33,023
Change in Net Position	\$ 6,576	\$ 68,871

See notes to the financial statements and independent auditor's report

**Special Service Area 18**  
**(a taxing district authorized by the City of Chicago)**  
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**d/b/a Northalsted Business Alliance**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2018 and 2017**

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NOTE 1 – Nature of Activities and Reporting Entity

Special Service Area 18 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 North Halsted commercial district. The SSA is funded by property tax 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 18 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with Northalsted Area Merchants Association d/b/a Northalsted Business Alliance to perform administrative duties as the service provider for this SSA during the reporting period. Northalsted Area Merchants Association d/b/a Northalsted Business Alliance is an Illinois not-for-profit corporation that is exempt from federal taxes under Section 501(c)6 of the Internal Revenue Code.

Services provided by the SSA include beautification, cleaning and maintenance of the streets and sidewalks; recruitment of new businesses to the Area and retention of existing ones; coordinated marketing and promotional activities; a façade and signage improvement program and maintaining a visible office with staff support to carry out promotional, educational and market research functions.

NOTE 2 – Summary of Significant Accounting Policies

a. Government-Wide and Fund Financial Statements

The financial statements of the SSA have been prepared in conformity with accounting principles generally accepted in 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).

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**For the Years Ended December 31, 2018 and 2017**

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NOTE 2 – Summary of Significant Accounting Policies – (continued)

The SSA accounts for its activities in one fund, its general fund.

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

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, 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 as 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 preparation of financial statements in conformity with generally accepted accounting principles in the United States of America 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 reported period. Actual results could differ from those estimates.



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**Notes to Financial Statements**  
**For the Years Ended December 31, 2018 and 2017**

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NOTE 2 – Summary of Significant Accounting Policies – (continued)

c. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

The SSA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition.

Receivables

All property tax receivables are shown net of allowances. As of December 31, 2018 and 2017, the allowance is estimated to be 2% and 4%, respectively, of the outstanding property taxes.

Fund Equity/Net Position

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by the SSA board through approval of resolutions. Assigned fund balance 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 balance first, then unrestricted fund balance. 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.

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**Notes to Financial Statements**  
**For the Years Ended December 31, 2018 and 2017**

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NOTE 2 – Summary of Significant Accounting Policies – (continued)

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.

d. Subsequent Events

Subsequent events have been evaluated through April 10, 2019, which is the date the financial statements were available to be issued.

NOTE 3 – Cash and Cash Equivalents

The SSA defines cash and cash equivalents 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 SSA maintains its cash balance in a financial institution located in Chicago, IL. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. The SSA's cash balance did not exceed the insurance level as of December 31, 2018 and 2017.

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**Notes to Financial Statements**  
**For the Years Ended December 31, 2018 and 2017**

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NOTE 4 – Property Taxes

The SSA's principal source of revenue is from real estate taxes levied on certain property located in its boundaries. 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 prior year billed levy (55%) and is due March. The second installment is due in August 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 then remits the monies to the SSA.

NOTE 5 – Accounts Payable and Due to City of Chicago

Accounts payable balance at December 31, 2018 and 2017 is \$6,126 and \$8,432, respectively. These balances consist of expenses incurred during the respective year related to reimbursement to Northalsted Area Merchant Association d/b/a Northalsted Business Alliance for personnel and administrative non-personnel, and to other vendors for economic/business development and public way aesthetics. As of December 31, 2018 and 2017, there were amounts (due to)/due from City of Chicago for property taxes received but not yet distributed to SSA 18 of (\$663) and \$494, respectively.

NOTE 6 – Deferred Inflows of Revenue/Deferred Property Tax Revenue

A deferred inflow of resources/property tax revenue represents an acquisition of fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. The balance in deferred property tax revenue at December 31, 2018 and 2017, reflective of the 2018 and 2017 levy, is \$474,480 and \$473,494, respectively.



**Special Service Area 18**  
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**Notes to Financial Statements**  
**For the Years Ended December 31, 2018 and 2017**

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NOTE 7 – Fund Equity / Net Position

The SSA is required to present information regarding its financial position and activities according to the Agreement for Special Service Area 18 between the City of Chicago and Northalsted Area Merchants Association d/b/a Northalsted Business Alliance. As of December 31, 2018 and 2017, the SSA had an unassigned fund balance of \$11,232 and \$7,642, and committed fund balance of \$1,300 and \$0, respectively. These funds will be utilized in this special service area in future years.

NOTE 8 – Related Party Transactions

The SSA is affiliated with Northalsted Area Merchants Association d/b/a Northalsted Business Alliance which acts as its sole service provider. Special Service Area 18 shares office space, equipment, and employees through this affiliation. Special Service Area 18 has no employees of their own, but reimburses Northalsted Area Merchants Association d/b/a Northalsted Business Alliance for payroll and related costs of the individuals working on the programs. It also reimburses Northalsted Area Merchants Association d/b/a Northalsted Business Alliance for a portion of its operating expenses, and allocation of rent and utilities.

NOTE 9 – Committed Funds

Committed fund balance incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. During 2018, SSA 18 entered into an agreement with David Trent Contracting for fabricating planter iron railings for \$3,900, of which \$2,600 was paid during 2018 as a down payment, and the remaining \$1,300 was included in the committed fund balance at December 31, 2018.



## **Supplementary Information**

**Special Service Area 18**  
**Managed by Northalsted Area Merchants Association**  
**d/b/a Northalsted Business Alliance**  
**Schedule of Revenues and**  
**Expenditures - Budget and Actual**  
**December 31, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUE</b>			
Property revenues - current year	\$ 480,827	\$ 487,928	\$ (7,101)
Late collections and interest thereon	2,667	-	2,667
Loss Collection	<u>2,667</u>	<u>-</u>	<u>2,667</u>
Total revenues	486,161	487,928	(1,767)
<b>EXPENDITURES</b>			
Customer attraction	147,434	140,975	6,459
Public way aesthetics	245,375	243,165	2,210
Econ/business development	6,987	6,505	482
Safety programs	1,125	125	1,000
SSA management	35,240	32,868	2,372
Personnel	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Total expenditures	<u>496,161</u>	<u>483,638</u>	<u>12,523</u>
Excess of revenues over expenditures	<u>\$ (10,000)</u>	<u>\$ 4,290</u>	<u>\$ 14,290</u>
<b>CARRYOVER</b>			
	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 4,290</u>	<u>\$ 4,290</u>

See notes to the financial statements and independent auditor's report

**Special Service Area 18**  
**Managed by Northalsted Area Merchants Association**  
**d/b/a Northalsted Business Alliance**  
**Schedule of Revenues and**  
**Expenditures - Budget and Actual**  
**December 31, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUE</b>			
Property revenues - current year	\$ 458,226	\$ 465,540	\$ (7,314)
Late collections and interest thereon	-	(4,530)	4,530
Loss Collection	<u>2,245</u>	<u>-</u>	<u>2,245</u>
Total revenues	460,471	461,010	(539)
<b>EXPENDITURES</b>			
Customer attraction	134,880	133,547	1,333
Public way aesthetics	206,950	195,617	11,333
Sustainability and public places	1,000	-	1,000
Econ/business development	10,200	368	9,832
Safety programs	10,621	1,407	9,214
SSA management	28,820	28,579	241
Personnel	<u>68,000</u>	<u>65,644</u>	<u>2,356</u>
Total expenditures	<u>460,471</u>	<u>425,162</u>	<u>35,309</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 35,848</u>	<u>\$ 35,848</u>
<b>CARRYOVER</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
Net revenues in excess of expenses	<u>\$ -</u>	<u>\$ 35,848</u>	<u>\$ 35,848</u>

See notes to the financial statements and independent auditor's report

**Special Service Area 18**  
**(a taxing district authorized by the City of Chicago)**  
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**d/b/a Northalsted Business Alliance**  
**Summary Schedule of Findings and Update on Prior Year Findings**  
**For the Year Ended December 31, 2018**

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As part of our audit and request by the Special Service Area Annual Audited Financial and Accounting Guide, prepared by the City of Chicago Department of Planning and Development, we have read and understand the requirements contained in the Agreement for Special Service Area 18, between the City of Chicago and Northalsted Area Merchants Association d/b/a Northalsted Business Alliance (The Sole Service Provider for the SSA 18). After conducting this audit, we determined that no exceptions were noted.

2018 Findings:

Financial Statement Audit – None Found

Questioned Costs – None Found

Updated status of the 2017 Findings:

Financial Statement Audit – None Found

Questioned Costs – None Found



# State of Illinois

## Department of Financial and Professional Regulation Division of Professional Regulation

LICENSE NO.

066.003986

065.029428

The person, firm, or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below:

EXPIRES:

11/30/2021

### PUBLIC ACCOUNTANT FIRM LICENSE



EILTS & ASSOCIATES INC  
3729 N RAVENSWOOD AVE STE 117  
CHICAGO, IL 60613-3570



DEBORAH HAGAN  
ACTING SECRETARY

JESSICA BAER  
DIRECTOR

The official status of this license can be verified at [www.idfpr.com](http://www.idfpr.com)

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