

WESTSIDE HEALTH AUTHORITY

SPECIAL SERVICE AREA # 72

(a taxing district authorized by the City of
Chicago)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

WILLIAM C. GOODALL, CPA
800 E. 78TH STREET SUITE 200
CHICAGO, ILLINOIS 60619

**WESTSIDE HEALTH AUTHORITY
SPECIAL SERVICE ARES # 72
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

	<u>Page</u>
Independent Auditor's Report	1 -2
Financial Statements:	
Statement of Net Position and Governmental Funds Balance Sheet	3
Statement of Activities and Governmental Funds, Revenues, Expenditures and Changes in Fund Balance	4
Statements of Revenues and Expenditures — Budget and Actual	5
Notes to Financial Statements	6-8
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	9-10
SUPPLEMENTARY INFORMATION	
Report of Independent Auditors on Additional Information	11

**W
C
G**

**WILLIAM C. GOODALL
CERTIFIED PUBLIC ACCOUNTANT**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Westside Health Authority
Special Service Area #72
Chicago, IL 60651

Report on the Financial Statements

We have audited the accompanying financial statements of Westside Health Authority (A Contractor for) Special Service Area #72 (a nonprofit organization), which comprise the statement of net position and governmental funds balance sheet as of December 31, 2017, and the related statements of activities and governmental funds revenues, expenditures and change in fund balance, and statement of revenues and expenditures – budget and actual for the year then ended, and the related notes to the financial statements. The statement of revenues and expenditures – budget and actual for the year ended December 31, 2017, has been audited by our firm as required by the City of Chicago.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area #72 as of December 31, 2017, and the changes in its Fund Balance/Net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Revenue and Expenditures Budget and Actual expenses on page 5 is presented for purposes of additional analysis and is not a required part of the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2018, on our consideration of Special Service Area #72 internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Special Service Area's #72 internal control over financial reporting and compliance.



William C. Goodall, CPA

Chicago, IL

July 24, 2018

Special Service Area # 72
Statement of Net Position and
Governmental Fund Balance Sheets
December 31, 2017

	2017		
	Governmental Funds	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	114,217	-	114,217
Property Tax Receivable, net of allowance for uncollectable taxes of \$15,505	114,356	-	114,356
Total Assets	\$ 228,573	-	\$ 228,573
LIABILITIES			
Accounts payable and accrued expenses	91,169	-	91,169
Total Liabilities	\$ 91,169	\$ -	\$ 91,169
DEFERRED INFLOWS			
Deferred property tax revenue	114,356	(114,356)	-
FUND BALANCES/NET POSITION			
Unsigned	23,048	(23,048)	-
Total Fund Balance	23,048	(137,404)	-
Total Liabilities, Deferred Inflows and Fund Balance	\$ 228,573	-	-
Net Position			
Restricted		\$ (137,404)	\$ 137,404
Amounts reported for governmental activities in the statement of net position are difference because:			
Total fund balance - governmental funds			\$ 23,048
Property tax revenue is recognized in the period for which levied rather than when available. A portion of the taxes id deferred as it is not available in the governmental funds.			\$ 114,356
Total net position - governmental activities			\$ 137,404

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

Special Service Area #72
Statement of Activities and and
Governmental Funds, Revenues, Expenditures and
Change in Fund Balance
Year Ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 129,721	\$ 114,216	\$ (15,505)
Interest	1	1	-
Total Revenues	<u>\$ 129,772</u>	<u>\$ 114,217</u>	<u>\$ (15,505)</u>
Expenditures			
Customer Attraction	31,260	13,851	17,409
Economic/Business Development	16,500	16,500	-
Public Way Aesthetics	26,790	19,263	7,527
Safety Programs	21,500	9,077	12,423
SS Management	7,800	6,556	1,244
SSA Non-Service (Office) Personnel	25,922	25,922	-
Loss collection	18,168		18,148
Total Expenditures	<u>\$ 147,940</u>	<u>\$ 91,169</u>	<u>\$ 56,751</u>
Excess of revenues over (under) expenditures	<u>\$ (18,168)</u>	<u>\$ 23,048</u>	<u>\$ 41,246</u>
CARRYOVER	<u>\$ 18,168</u>	<u>\$ -</u>	<u>\$ 18,168</u>

Net revenues in excess of expenditures

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

Special Service Area #72
Statement of Revenues and Expenditures
Budget and Actual
Year Ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes:			
Property Taxes	\$ 129,772	\$ 114,216	15,556
Property Replacement Taxes	-	-	-
Interest	-	1	1
	<u>129,772</u>	<u>114,217</u>	<u>15,557</u>
Customer Attraction			
Website	1,000	1,000	-
Special Events	6,500	5,029	1,471
Decorative Banners	19,760	6,542	13,218
Holiday Decorations	3,000	1,280	1,720
Permits	1,000	-	1,000
Total Customer Attraction	<u>31,260</u>	<u>13,851</u>	<u>17,409</u>
Economic/Business Development			
SSA Designation	16,500	16,500	-
Total SSA Designation	<u>16,500</u>	<u>16,500</u>	<u>33,000</u>
Public Way Aesthetics			
Landscaping	16,250	16,163	87
Public Art	9,540	3,100	6,440
City Permits	1,000	-	1,000
Total Public Way Aesthetics	<u>\$ 26,790</u>	<u>\$ 19,263</u>	<u>7,527</u>
Safety Programs			
Beautification	12,500	8,797	3,703
Lighting	9,000	280	8,720
Total Safety Programs	<u>\$ 21,500</u>	<u>9,077</u>	<u>12,423</u>
SSA Management			
SSA Annual Report	1,000	-	1,000
Mandated SSA Audit	5,000	5,000	-
Bookkeeping Service for the SSA	1,000	1,000	-
Commission Meeting	500	400	100
Current Fees incurred by WHA	300	156	144
Total SSA Management	<u>7,800</u>	<u>6,556</u>	<u>1,244</u>
SSA Non-Service (Office) Personnel			
Yemisi Dinkins, SSA Business & Development Director	9,594	9,594	-
Rosie Dawdon, SSA Contract Manager	9,225	9,225	-
Percy Giles, SSA Community Liaison	713	713	-
Total Non-Service (Office) Personnel	<u>25,922</u>	<u>25,922</u>	<u>-</u>
Loss Collection			
Loss Collection (Unpaid Taxes)	18,168	-	18,168
Total Expenses	<u>147,940</u>	<u>91,169</u>	<u>89,771</u>
Excess of Revenue over Expenses	<u>(18,168)</u>	<u>23,048</u>	<u>(74,214)</u>

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

WESTSIDE HEALTH AUTHORITY
SPECIAL SERVICE ARES # 72
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1—Summary of Significant Accounting Policies

(a) Nature of Reporting Entity

Special Service Area # 72 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 Austin 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.

Special Service Area #72 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with Westside Health Authority to perform administrative duties as the service provider for this SSA during the reporting period. Westside Health Authority is an Illinois not-for-profit corporation that is exempt from federal income taxes under Section 501c of the Internal Revenue Code.

(b) 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 established government accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

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

(c) 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 government 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 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reporting amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

WESTSIDE HEALTH AUTHORITY
SPECIAL SERVICE ARES # 72
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

(d) Assets, Liabilities, and Net Position

Cash, cash equivalents and investments

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 acquisitions.

Receivables

All property tax receivables are shown net of allowances. As of December 31, 2017, the allowance is estimated to be 14% of the outstanding property taxes.

Prepaid Items

Certain payments to vendors reflect costs applicable to futures accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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 the 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 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.

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 and 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.

Note 2—Cash, Cash Equivalents and Investments

Cash and certificates of deposit are subject to custodial credit risk in the event of a bank failure, the SSA's deposits may not be returned. 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. As of December 31, 2017, the Special Service Area #72 did not exceed the insured limits of the FDIC and there were no investments accounts.

WESTSIDE HEALTH AUTHORITY
SPECIAL SERVICE ARES # 72
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 3—Property 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 proper 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 then remits the monies to the SSA.

Note 4—Related Party Transactions

The SSA is affiliated with Westside Health Authority, which provides certain administrative services of the SSA. As of December 31, 2017, \$ 91,169 was payable for services provided. The balance resulted from the time 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.

**W
C
G**

**WILLIAM C. GOODALL
CERTIFIED PUBLIC ACCOUNTANT**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Westside Health Authority
Special Service Area #72
Chicago, IL 60651

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Westside Health Authority (A Contractor for) Special Service Area #72 (a nonprofit organization), which comprise the statement of statement of net position and governmental funds balance sheet as of December 31, 2017, and the related statements of activities and governmental funds revenues, expenditures and change in fund balance, and statement of revenues and expenditures – budget and actual for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 24, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Westside Health Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Special Service Area's #72 internal control. Accordingly, we do not express an opinion on the effectiveness of Special Service Area #72's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Special Service Area's #72 financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

800 EAST 78TH STREET SUITE 200
CHICAGO, ILLINOIS 60619

9

PHONE: (773) 873-1010
FAX: (773) 873-1130

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "William C. Goodall, CPA". The signature is fluid and cursive, with the letters "W", "C", and "G" being particularly prominent.

William C. Goodall, CPA

Chicago, IL

July 24, 2018

**W
C
G**

**WILLIAM C. GOODALL
CERTIFIED PUBLIC ACCOUNTANT**

**INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION**

To the Board of Directors of
Westside Health Authority
Special Service Area #72

We have audited the financial statements of Westside Health Authority (A Contractor for) Special Service Area #72 as of and for the years ended December 31, 2017 and have issued our report thereon dated July 24, 2018 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming *an* opinion on the financial statements as a whole. The statement of Revenue and Expenditures (Budget and Actual) on pages 5 is presented for the purposes of additional analysis and is not a required part of the 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 slated in all material respects in relation to the financial statements as a whole.



William C Goodall CPA
Chicago, Illinois
July 24, 2018