

**SPECIAL SERVICE AREA NUMBER 10**  
**(Back of the Yards Neighborhood Council, Contractor)**  
Financial Statements and  
Supplementary Information  
For the Years Ended December 31, 2018 and 2017

**SPECIAL SERVICE AREA NUMBER 10  
(Back of the Yards Neighborhood Council, Contractor)**

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**Cary J. Hall & Associates, LLC**  
**Certified Public Accountants & Consultants**

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**Independent Auditor's Report**

To the Board of Directors - Commissioners of Special Service Area # 10  
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 10** (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 10** 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 8-10, 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 10**. 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 10**  
**(Back of the Yards Neighborhood Council, Contractor)**  
 Statements of Net Position and Governmental Funds Balance Sheet  
 December 31, 2018 and 2017

	2018			2017		
	Governmental Funds	Adjustments	Statement of Net Position	Governmental Funds	Adjustments	Statement of Net Position
<b>ASSETS</b>						
Cash	\$ 95,181	\$ -	\$ 95,181	\$ 57,988	\$ -	\$ 57,988
Real estate taxes receivable, less allowance for uncollectible taxes of \$31,500	575,613	-	575,613	448,569	-	448,569
Total Assets	<u>\$ 670,794</u>	<u>\$ -</u>	<u>\$ 670,794</u>	<u>\$ 506,557</u>	<u>\$ -</u>	<u>\$ 506,557</u>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 2,175	\$ -	\$ 2,175	\$ 1,214	\$ -	\$ 1,214
Total Liabilities	2,175	-	2,175	1,214	-	1,214
<b>DEFERRED INFLOWS</b>						
Deferred property tax revenue	490,936	(490,936)	-	427,090	(427,090)	-
<b>FUND BALANCE/NET POSITION</b>						
Unassigned	177,684	(177,684)	-	78,253	(78,253)	-
Total Fund Balance	177,684	(177,684)	-	78,253	(78,253)	-
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 670,795</u>			<u>\$ 506,557</u>		
Net Position - Unrestricted		<u>\$ 668,620</u>	<u>\$ 668,620</u>		<u>\$ 505,343</u>	<u>\$ 505,343</u>

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

Total fund balance - governmental funds	\$ 177,684	\$ 78,253
Property tax revenue is recognized in the period it is levied rather than when "available"	490,936	427,090
A portion of the property tax is deferred as it is not available in the governmental funds.	<u>490,936</u>	<u>427,090</u>
Total net position - governmental activities	<u>\$ 668,620</u>	<u>\$ 505,343</u>

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

**SPECIAL SERVICE AREA NUMBER 10**  
**(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, 2018 and 2017

	2018			2017		
	Governmental Funds	Adjustments	Statement of Activities	Governmental Funds	Adjustments	Statement of Activities
<b>REVENUES</b>						
Property Taxes	\$ 528,931	\$ 63,846	\$ 592,777	\$ 354,432	\$ 2,407	\$ 356,839
Total Revenues	<u>528,931</u>	<u>63,846</u>	<u>592,777</u>	<u>354,432</u>	<u>2,407</u>	<u>356,839</u>
<b>EXPENDITURES/EXPENSES</b>						
Program Services:						
Customer Attraction	93,553	-	93,553	75,177	-	75,177
Public Way Aesthetics	167,451	-	167,451	82,830	-	82,830
Safety programs	-	-	-	-	-	-
Sustainability and Public Places	4,099	-	-	3,101	-	3,101
Economic/Business Development	17,883	-	-	18,000	-	18,000
Personnel - Operational Program Support	41,140	-	41,140	151,377	-	151,377
Administration:						
SSA Management	105,374	-	105,374	43,115	-	43,115
Total Expenditures/ Expenses	<u>429,500</u>	<u>-</u>	<u>407,518</u>	<u>373,600</u>	<u>-</u>	<u>373,600</u>
Excess of Revenues Over Expenses	99,431	(99,431)	-	(19,168)	19,168	-
Change in Net Position	-	163,277	163,277	-	(16,761)	(16,761)
<b>FUND BALANCE/NET POSITION</b>						
Beginning of Year	78,253	427,090	505,343	97,421	424,683	522,104
End of year	<u>\$ 177,684</u>	<u>\$ 490,936</u>	<u>\$ 668,620</u>	<u>\$ 78,253</u>	<u>\$ 427,090</u>	<u>\$ 505,343</u>

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

Net change in fund balance - governmental funds	\$ 99,431	\$ (19,168)
Property tax revenue is recognized in the year it is available rather than when it is levied for governmental funds	<u>63,846</u>	<u>2,407</u>
Net change in net position - governmental funds	<u>\$ 163,277</u>	<u>\$ (16,761)</u>

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

**SPECIAL SERVICE AREA NUMBER 10**  
**(Back of the Yards Neighborhood Council, Contractor)**

Notes to Financial Statements  
December 31, 2018 and 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Special Service Area # 10 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago's Special Service Area (SSA) program is a mechanism for commercial and industrial areas to fund expanded services through a localized property tax levy. SSA #10 was established in 1989 to service the heart of the Back of the Yards retail district. 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.

Special Service Area # 10 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.

**SPECIAL SERVICE AREA NUMBER 10**  
**(Back of the Yards Neighborhood Council, Contractor)**

Notes to Financial Statements  
December 31, 2018 and 2017

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**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 10" 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 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.



**SPECIAL SERVICE AREA NUMBER 10**  
**(Back of the Yards Neighborhood Council, Contractor)**

Notes to Financial Statements  
December 31, 2018 and 2017

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**NOTE 3 - RELATED PARTY TRANSACTIONS**

The Organization is an affiliate of Special Service Area Numbers 7, 13, 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:

	2018	2017
Special events	\$ 39,000	\$ 30,725
Personnel	249,125	229,960
Equipment lease	8,337	2,000
Supplemental transit	10,000	13,290
Bookkeeping	1,000	1,000
Office rent	6,000	6,000
Office utilities	500	500
Office supplies	500	500
Office equipment	1,000	1,000
Office printing	500	500
Postage	500	500
Meeting expenses	-	704
Insurance	2,500	2,500
	\$ 318,962	\$ 289,179

**NOTE 4 - PROPERTY TAXES**

Property taxes become an enforceable line 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.

**NOTE 5 - RECLASSIFICATIONS**

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported net income.

## **Supplementary Information**

**SPECIAL SERVICE AREA NUMBER 10**  
**(Back of the Yards Neighborhood Council, Contractor)**  
Comparison Schedules of Actual Revenues and Expenses to Budget  
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>REVENUES</b>						
Real estate taxes current period	\$ 425,613	\$ 371,045	\$ 54,568	\$ 300,861	\$ 316,890	\$ (16,029)
Real estate taxes prior period	(7,415)	9,221	(16,636)	699	2,438	(1,739)
Real estate taxes carryover	-	-	-	-	-	-
TIF Rebate	119,891	119,891	-	119,891	119,891	-
Interest and other income	63	-	63	15	-	15
Loss collection	(9,221)	(9,221)	-	(67,034)	(12,129)	(54,905)
Total Revenues	528,931	490,936	37,995	354,432	427,090	(72,658)
<b>EXPENDITURES</b>						
<b>Customer Attraction</b>						
Website	1,381	1,480	(99)	1,255	2,230	(975)
Special events	39,562	41,837	(2,275)	31,025	31,088	(63)
Decorative banners	7,275	11,000	(3,725)	7,775	11,000	(3,225)
Print materials	21,673	20,000	1,673	3,796	5,000	(1,204)
Display advertising	3,957	6,000	(2,043)	1,125	6,000	(4,875)
PR/Media relations	15,100	18,000	(2,900)	18,100	18,000	100
Seasonal promotions	4,605	4,400	205	12,101	4,400	7,701
Total Customer Attraction	93,553	102,717	(9,164)	75,177	77,718	(2,541)

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

**SPECIAL SERVICE AREA NUMBER 10**  
**(Back of the Yards Neighborhood Council, Contractor)**  
Comparison Schedules of Actual Revenues and Expenses to Budget  
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Public Way Aesthetics</b>						
Landscaping	-	-	-	-	6,000	(6,000)
Façade enhancement	2,500	5,306	(2,806)	1,000	14,500	(13,500)
Streetscape elements	2,298	23,000	(20,702)	-	10,141	(10,141)
Sidewalk maintenance	16,500	18,000	(1,500)	5,000	3,000	2,000
Maintenance - on staff personnel	122,970	122,970	-	57,816	105,721	(47,905)
City permits	5,550	3,000	2,550	3,700	3,000	700
Equipment lease	9,888	8,000	1,888	7,147	7,000	147
Equipment fuel maintenance repairs	7,745	9,000	(1,255)	8,167	7,000	1,167
<b>Total Public Way Aesthetics</b>	<b>167,451</b>	<b>189,276</b>	<b>(21,825)</b>	<b>82,830</b>	<b>156,362</b>	<b>(73,532)</b>
<b>Sustainability and Public Places</b>						
Garbage / recycling material program	4,099	3,000	1,099	3,101	2,000	1,101
<b>Total Sustainability and Public Places</b>	<b>4,099</b>	<b>3,000</b>	<b>1,099</b>	<b>3,101</b>	<b>2,000</b>	<b>1,101</b>
<b>Economic/Business Development</b>						
Supplemental transit	17,883	18,000	(117)	18,000	18,000	-
<b>Total Sustainability and Public Places</b>	<b>17,883</b>	<b>18,000</b>	<b>(117)</b>	<b>18,000</b>	<b>18,000</b>	<b>-</b>
<b>Program personal cost allocation</b>	<b>41,140</b>	<b>168,626</b>	<b>(127,486)</b>	<b>151,377</b>	<b>151,377</b>	<b>-</b>
<b>Total Personnel</b>	<b>41,140</b>	<b>168,626</b>	<b>(127,486)</b>	<b>151,377</b>	<b>151,377</b>	<b>-</b>
<b>Safety Programs</b>						
Safety improvement program	-	23,924	(23,924)	-	-	-
<b>Total Safety Program</b>	<b>-</b>	<b>23,924</b>	<b>(23,924)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**SPECIAL SERVICE AREA NUMBER 10**  
**(Back of the Yards Neighborhood Council, Contractor)**  
Comparison Schedules of Actual Revenues and Expenses to Budget  
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>SSA Management</b>						
Administrative personnel cost allocation	85,015	89,063	(4,048)	20,767	108,054	(87,287)
Audit/ Bookkeeping	5,500	5,000	500	7,500	5,000	2,500
Office rent	6,000	6,000	-	6,000	6,000	-
Office utilities	500	500	-	500	500	-
Office supplies	500	500	-	500	500	-
Office equipment lease / maintenance	1,000	1,000	-	1,000	1,000	-
Office printing	500	500	-	500	500	-
Postage	500	500	-	500	500	-
Meeting expense	1,159	500	659	704	500	204
Subscriptions	-	-	-	100	-	100
Banking fees	-	300	(300)	-	300	(300)
Equipment purchase and maintenance	-	-	-	-	-	-
Storage fees	2,200	1,750	450	2,169	1,750	419
Conferences & training	-	250	(250)	375	250	125
Liability / property insurance	2,500	2,500	-	2,500	2,500	-
<b>Total SSA Management</b>	<b>105,374</b>	<b>108,363</b>	<b>(2,739)</b>	<b>43,115</b>	<b>127,354</b>	<b>(84,364)</b>
<b>Total Expenses</b>	<b>429,500</b>	<b>613,906</b>	<b>(160,232)</b>	<b>373,600</b>	<b>532,811</b>	<b>(159,336)</b>
Excess of Revenues Over Expenditures						
Excess of (Expenditures) Over Revenues	<u>\$ 99,431</u>	<u>\$ (122,970)</u>	<u>\$ 198,227</u>	<u>\$ (19,168)</u>	<u>\$ (105,721)</u>	<u>\$ 86,678</u>

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

**SPECIAL SERVICE AREA NUMBER 10**  
**(Back of the Yards Neighborhood Council, Contractor)**  
Summary Schedule of Findings  
For the Year Ended December 31, 2018 and 2017

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We have read the requirements of the Service Provider Agreement between Special Service Area # 10 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:

<b>SIGNIFICANT ASSUMPTIONS</b>	<u>2018</u>	<u>2017</u>
Current Year Levy	\$ 490,936	\$ 316,980
Uncollected balance in prior year levies	\$ 575,613	\$ 513,195
Prior year deferred revenue was	\$ 427,090	\$ 424,683

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

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

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