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# SPECIAL SERVICE AREA #76

(a taxing district authorized by the City of Chicago)

FINANCIAL STATEMENTS

DECEMBER 31, 2022

(TOGETHER WITH INDEPENDENT AUDITOR'S REPORT)

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**THE A.C.T. GROUP LLC**  
ODONI PARTNERS COMPANY



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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of the Magnificent Mile Association  
Commissioners of Special Service Area #76  
Chicago, Illinois

### **Opinion**

We have audited the accompanying financial statements of Special Service Area #76 (a taxing district authorized by the City of Chicago), which comprise the statement of net position and governmental fund balance sheet as of December 31, 2022, and the related statements of activities and governmental fund, revenues, expenditures and changes in fund balance, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the statement net position and governmental fund balance sheet of Special Service Area #76 as of December 31, 2022, and the related statements of activities and governmental fund, revenues, expenditures and changes in fund balance for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Special Service Area #76 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Service Area #76 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Special Service Area #76's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Service Area #76's ability to continue as a going concern for a reasonable period of time.

### ***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.

#### ***Restricted Use Relating to the Other Matter***

The communication related to compliance with the aforementioned Agreements described in the Required Supplementary Information paragraph is intended solely for the information and use of the Magnificent Mile Association, SSA #76 and the City of Chicago and is not intended to be and should not be used by anyone other than these specified parties.

### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the combining and combined financial statements as a whole. The supplementary information included on page 11 is presented for purposes of additional analysis and is not a required part of the combining and combined 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 combining and combined financial statements. The information, except for the budget information included on page 11 which is unaudited, has been subjected to the auditing procedures applied in the audits of the combining and combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combining and combined financial statements or to the combining and combined 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 combining and combined financial statements as a whole. The unaudited information referred to above has not been subjected to the auditing procedures applied in the audits of the combining and combined financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Odoni Partners, LLC*

Odoni Partners, LLC  
January 18, 2024

SPECIAL SERVICE AREA #76  
(a taxing district authorized by the City of Chicago)  
Managed by Magnificent Mile Association  
Statements of Net Position and Governmental Fund Balance Sheets  
December 31, 2022

	2022		Statement of Net Position
	Governmental Funds	Adjustments	
<b>ASSETS</b>			
Cash	\$ 630,478	\$ -	\$ 630,478
Property Tax Receivable, Net of Allowance for uncollectable taxes of \$29,681	850,287	-	850,287
Other Receivables	-	-	-
Prepaid Expenses	-	-	-
	\$ 1,480,765	\$ -	\$ 1,480,765
<b>TOTAL ASSETS</b>			
<b>LIABILITIES</b>			
Accounts Payable Accrued Expenses	\$ 315,663	\$ -	\$ 315,663
Due to Line of Credit	131,669	-	131,669
	447,332	-	447,332
<b>TOTAL LIABILITIES</b>			
<b>DEFERRED INFLOWS</b>			
Deferred Property Tax Revenue	712,353	(712,353)	-
	712,353	(712,353)	-
<b>TOTAL DEFERRED INFLOWS</b>			
<b>FUND BALANCES / NET POSITION</b>			
<u>Unassigned</u>	321,080	(321,080)	-
	321,080	(321,080)	-
<b>TOTAL FUND BALANCE</b>			
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	\$ 1,480,765		
<u>Net Position</u> Unrestricted		\$ (1,033,433)	\$ 1,033,433

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

Total fund balance - governmental funds	\$ 321,080
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 governmental funds.	712,353
Total net position - governmental activities	\$ 1,033,433

SPECIAL SERVICE AREA #76  
(a taxing district authorized by the City of Chicago)  
Managed by Magnificent Mile Association  
Statements of Activities and Governmental Fund/  
Revenues, Expenditures and Changes in Fund Balance  
For the Years Ended December 31, 2022

	2022		
	Governmental Funds	Adjustments	Statement of Activities
REVENUES:			
Property taxes	\$ 767,576	\$ 712,353	\$ 1,479,929
TIF rebates	-	-	-
Interest income	-	-	-
	767,576	712,353	1,479,929
TOTAL REVENUES	767,576	712,353	1,479,929
EXPENDITURES:			
Services:			
Customer attraction	114,486	-	114,486
Public way aesthetics	-	-	-
Economic business development	47,070	-	47,070
Safety programs	224,759	-	224,759
SSA Management	8,869	-	8,869
	395,185	-	395,185
Total Services Expenditures	395,185	-	395,185
Administration:			
Personnel	51,311	-	51,311
Admin - nonpersonnel	-	-	-
	51,311	-	51,311
Total Administration Expenditures	51,311	-	51,311
TOTAL EXPENDITURES	446,496	-	446,496
Excess of revenues over expenditures	321,080	712,353	1,033,433
Change in Net Position	321,080	712,353	1,033,433
FUND BALANCE/NET POSITION			
Beginning of the Year	-	-	-
End of the Year	\$ 321,080	\$ 712,353	\$ 1,033,433

Amounts reported for governmental activities in the statements of activities are different because:

Net change in Fund balance - governmental funds	\$ 321,080
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds	712,353
Change in net position	\$ 1,033,433

## 1. Summary of Significant Accounting Policies

**(a) Nature of Reporting Entity:** Special Service Area #76 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 Magnificent Mile 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 #76 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with the Magnificent Mile Association to perform administrative duties as the service provider for this SSA during the reporting period. The Magnificent Mile Association is an Illinois not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code.

**(b) Basis of Presentation:** The government-wide financial statements report information on all the activities of the Special Service Area. Governmental activities include those items funded by the tax levies. While separate governmental activities incorporate data from the governmental funds. The fund financial statements are on major governmental funds. The commission reports one major governmental fund, the 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 the related cash flows. Property taxes are recognized as revenues in the year 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 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 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 reporting period. Accordingly, actual results could differ from those estimates.

## 1. Summary of Significant Accounting Policies (continued)

**(d) Government-Wide and Fund Financial Statements:** The financial statements of the SSA have been prepared in conformity with the 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 the establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

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

### **(e) 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 acquisition.

**Receivables:** All property tax receivables are shown net of allowances. As of December 31, 2022, the allowance is estimated to be 4% or \$29,681 of the outstanding property taxes.

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

**Fund Equity/Net Position:** Government 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 enabling legislation or an outside party. Committed fund balance is a limitation 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 a net resource 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.

For the government-wide financial statement, 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.

## **2. Summary of Significant Accounting Policies (continued)**

**(f) Use of estimates:** The preparation of financial statements in conformity with GAAP 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.

## **2. Cash, Cash Equivalents, and Investments**

A highly liquid investments with an initial maturity of three months or less, excluding amounts contained in investment portfolios, are considered to be cash equivalents. The SSA maintains its cash in a bank deposit account, which, at times, may exceed federally insured limits. The Organization had not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk in cash.

## **3. Receivables**

As of December 31, 2022 receivables of \$712,352 included property taxes net of estimated uncollectible taxes.

## **4. Deferred Inflows of Revenue**

As deferred inflow of resource/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.

## **5. Fund Equity / Net Position**

The SSA is required to present information regarding its financial position and activities according to the between the SSA and the City of Chicago. As of December 31, 2022, the SSA total fund balances of \$321,081. These funds will be utilized in this special area during future years as well as act as a reserve for any emergencies.

## **6. 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 prior 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.

## **7. Related Party Transactions**

The SSA is affiliated with the Magnificent Mile Association, which provides certain administrative services for the SSA. As of December 31, 2022, \$315,663 was included in the payables for services provided, respectively. 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.

## **8. Prior Year Reclassifications**

For comparability, the prior year's financial statements reflect reclassifications where appropriate to conform to the financial statement presentation used this year.

## **9. Subsequent Events**

The SSA has evaluated the financial statements for subsequent events through January 18, 2024, the date the financial statements were available to be issued. The SSA is not aware of any additional subsequent events that would require recognition or disclosure in the accompanying financial statements.

## SUPPLEMENTARY INFORMATION

SPECIAL SERVICE AREA #76  
(a taxing district authorized by the City of Chicago)  
Managed by Magnificent Mile Association  
Schedule of Revenues and Expenditures - Budget and Actual  
For the Year Ended December 31, 2022

	2022		
	BUDGET	ACTUAL	VARIANCE
REVENUES:			
Property Taxes	\$ 742,033	\$ 767,576	\$ (25,543)
TOTAL REVENUES	<u>742,033</u>	<u>767,576</u>	<u>(25,543)</u>
EXPENDITURES:			
Customer attraction	120,870	114,486	6,384
Public way aesthetics	-	-	-
Economic business development	93,000	47,070	45,930
Safety programs	456,602	224,759	231,843
SSA Management	20,250	8,869	11,381
Personnel	51,311	51,312	(1)
TOTAL EXPENDITURES	<u>742,033</u>	<u>446,496</u>	<u>295,537</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 321,080</u>	<u>\$ (321,080)</u>
CARRYOVER	<u>-</u>	<u>-</u>	<u>-</u>
Net revenues in excess of expenditures	<u>\$ -</u>	<u>\$ 321,080</u>	<u>\$ (321,080)</u>

## SUMMARY SCHEDULE OF FINDINGS

As part of our audit and request by the Special Service Area Annual Audited Financial Statement Guidelines prepared by the City of Chicago Department of Planning and Development issued in 2017, we have read and understand the requirements contained in the Agreement for Special Service Area #76 between the City of Chicago and Magnificent Mile Association.

### Current year findings:

The SSA had amounts Due to the Service Provider, Magnificent Mile Association.

### Management response:

Note #1: our corrective action plan is for Magnificent Mile Association to more closely monitor amounts due to and from the Special Service Area.

### Current year findings

Certain copies of invoices were unable to be located related to the SSA.

### Management response:

Our corrective action plan is for Magnificent Mile Association to more closely monitor amounts due to the Association and vendors.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no other exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.

# State of Illinois

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

LICENSE NO.  
066.004568  
065.027755

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:  
11/30/2024

### PUBLIC ACCOUNTANT FIRM LICENSE



ODONI PARTNERS LLC  
DBA THE A.C.T. GROUP LLC  
444 W LAKE ST STE 4430  
CHICAGO, IL 60606-0010



MARIO TRETO, JR.  
ACTING SECRETARY

CECILIA ABUNDIS  
ACTING DIRECTOR

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

16305670

Cut on Dotted Line

For future reference, IDFPR is now providing each person/business a unique identification number, 'Access ID', which may be used in lieu of a social security number, date of birth or FEIN number when contacting the IDFPR. Your Access ID is: 3800734

## Exhibit A Budget

### Special Service Area # 76

SSA Name:	Michigan Avenue SSA
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### 2022 BUDGET SUMMARY

Budget and Services Period: January 1, 2022 through December 31, 2022

CATEGORY <small>(Funded Categories Comprise Scope of Services)</small>	2021 Levy		Carryover Funds	TIF Rebate Fund #	Estimated Late Collections and Interest	Total All Sources
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$120,870	\$0	\$0	\$0	\$0	\$120,870
2.00 Public Way Aesthetics	\$0	\$0	\$0	\$0	\$0	\$0
3.00 Sustainability and Public Places	\$0	\$0	\$0	\$0	\$0	\$0
4.00 Economic/ Business Development	\$93,000	\$0	\$0	\$0	\$0	\$93,000
5.00 Public Health and Safety Programs	\$456,602	\$0	\$0	\$0	\$0	\$456,602
6.00 SSA Management	\$20,250	\$0	\$0	\$0	\$0	\$20,250
7.00 Personnel	\$51,311	\$0		\$0	\$0	\$51,311
<b>Sub-total</b>	<b>\$742,033</b>	<b>\$0</b>				
<b>GRAND TOTALS</b>	<b>Levy Total</b>	<b>\$742,033</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$742,033</b>

#### LEVY ANALYSIS

Estimated 2021 EAV:	<b>\$2,412,347,226</b>
Authorized Tax Rate Cap:	<b>0.050%</b>
Maximum Potential Levy limited by Rate Cap:	<b>\$1,206,174</b>
Requested 2021 Levy Amount:	<b>\$742,033</b>
Estimated Tax Rate to Generate 2020 Levy:	<b>0.0308%</b>