

WEST SUBURBAN SPECIAL  
RECREATION ASSOCIATION, ILLINOIS

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ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2017

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

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## **FINANCIAL SECTION**

## **INDEPENDENT AUDITORS' REPORT**



## **INDEPENDENT AUDITORS' REPORT**

May 10, 2018

Members of the Board of Directors  
West Suburban Special Recreation Association  
Franklin Park, Illinois

We have audited the accompanying financial statements of the West Suburban Special Recreation Association, Illinois, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Association's 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 opinions 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 of 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 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 Association'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 Association'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 opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the West Suburban Special Recreation Association, Illinois, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Suburban Special Recreation Association, Illinois' basic financial statements. The individual fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The individual fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

  
LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

## **Management's Discussion and Analysis December 31, 2017**

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Our discussion and analysis of the West Suburban Special Recreation Association's ("Association") financial performance provides an overview of the Association's financial activities for the fiscal year ended December 31, 2017. Please read it in conjunction with the financial statements which begin on page 3.

### **FINANCIAL HIGHLIGHTS**

- The Association's net position decreased as a result of this year's operations by \$56,429 or 4.5 percent.
- During the year, government-wide revenues totaled \$2,217,038, while expenses totaled \$2,273,467, resulting in the decrease to net position of \$56,429.
- The Association's net position totaled \$1,210,690 at December 31, 2017, which included \$879,524 unrestricted net position that may be used to meet the ongoing obligations to participants and creditors.
- At the fund level, a surplus was reported this year of \$38,143 resulting in ending fund balance of \$863,088, an increase of 4.6 percent.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3 - 4) provide information about the activities of the Association as a whole and present a longer-term view of the Association's finances. Fund financial statements begin on page 5. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Association's operations in more detail than the government-wide statements.

### **Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the Association's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 3 - 4 of this report.

The Statement of Net Position reports information on all of the Association's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Association is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Association's member district assessments and the condition of the Association's capital assets, is needed to assess the overall health of the Association.



# WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

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### USING THIS ANNUAL REPORT – Continued

#### Government-Wide Financial Statements – Continued

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Association, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Association is reported as one single governmental fund.

#### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Association's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities. The Association adopts an annual appropriated budget. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 5 - 8 of this report.

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9 - 27 of this report.

# WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

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### USING THIS ANNUAL REPORT – Continued

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Association's I.M.R.F. employee pension obligations and budgetary comparison schedule for the General Fund. Required supplementary information can be found on pages 28 - 30 of this report.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Association, assets/deferred outflows exceeded liabilities/deferred inflows by \$1,210,690.

	Net Position	
	2017	2016
Current Assets	\$ 953,845	896,239
Capital Assets	10,975	14,296
Total Assets	964,820	910,535
Deferred Outflows	915,782	1,019,198
Total Assets/ Deferred Outflows	1,880,602	1,929,733
Long-Term Debt	536,640	587,450
Other Liabilities	94,627	75,164
Total Liabilities	631,267	662,614
Deferred Inflows	38,645	-
Total Liabilities/Deferred Inflows	669,912	662,614
Net Position		
Net Investment in Capital Assets	3,846	3,297
Restricted	327,320	306,509
Unrestricted	879,524	957,313
Total Net Position	1,210,690	1,267,119

A portion of the Association's net position, \$3,846 or less than one percent, reflects its investment in capital assets (for example, land improvements, construction, machinery and equipment, and licensed vehicles). The Association uses these capital assets to provide services to program participants; consequently, these assets are not available for future spending.

An additional portion, \$327,320 or 27.0 percent, of the Association's net position represents resources that are subject to external restrictions on how they may be used, including restrictions for cash reserves and capital projects. The remaining 72.6 percent, or \$879,524, represents unrestricted net position and may be used to meet the Association's ongoing obligations to program participants and creditors.

# WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

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### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position	
	2017	2016
Revenues		
Program Revenues		
Charges for Services	\$ 485,357	466,183
Operating Grants/Contrib.	74,081	47,766
General Revenues		
Member Contributions	1,646,972	1,635,523
Interest Income	8,149	2,519
Miscellaneous Income	2,479	9,069
Total Revenues	<u>2,217,038</u>	<u>2,161,060</u>
Expenses		
Special Recreation	<u>2,273,467</u>	<u>2,104,547</u>
Change in Net Position	(56,429)	56,513
Net Position - Beginning	<u>1,267,119</u>	<u>1,210,606</u>
Net Position - Ending	<u>1,210,690</u>	<u>1,267,119</u>

Net position of the Association decreased by 4.5 percent (\$1,267,119 in 2016 compared to \$1,210,690 in 2017). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$879,524 at December 31, 2017.

Revenues for 2017 totaled \$2,217,038, while the cost of all programs totaled \$2,273,467. This results in a deficit of \$56,429. In 2016, revenues of \$2,161,060 exceeded expenses of \$2,104,547, resulting in a surplus of \$56,513. The Association reported increases in charges for services and member contributions for the year. Due to the increase in program revenues and member contributions and an increase in expenses compared to 2016, the overall decrease to net position is \$56,429. The Association reported increases in IMRF, salaries and contractual services for the year. Member contributions increased \$11,449 or 0.7 percent.

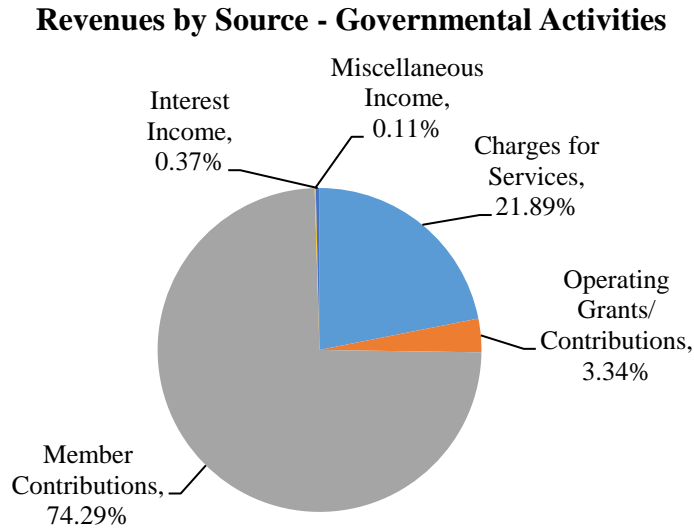
**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Management’s Discussion and Analysis  
December 31, 2017**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

The following table graphically depicts the major revenue sources of the Association. It depicts very clearly the reliance on member contributions and program fees to fund programs. It also clearly identifies the less significant percentage the Association receives from interest earnings.



**FINANCIAL ANALYSIS OF THE ASSOCIATION’S OPERATING FUND**

As noted earlier, the Association uses a single governmental fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Association’s operating fund reported ending fund balance of \$863,088, which is \$38,143, or 4.6 percent, higher than last year’s total of \$824,945. Of the \$863,088 total, \$527,220, or approximately 61.1 percent, of the fund balance constitutes unassigned fund balance.

The Association reported a positive change in fund balance for the year due to revenues increasing over the prior year by \$55,978. Expenditures also increased \$136,849 over the prior year. Donated noncash assets of \$47,281 were not budgeted for in the current year and the Association was able to control costs during the year. These numbers are further outlined on Schedule of Revenues, Expenditures and Changes in Fund Balance on page 30.

# WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

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### BUDGETARY HIGHLIGHTS

The Association made no budget amendments during the year. Actual revenues for the year totaled \$2,217,038, compared to final budgeted revenues of \$2,166,456. As stated earlier, donated noncash assets of \$47,281 were not budgeted for.

Actual expenditures for the year were \$19,439 more than final budgeted amounts (\$2,185,895 actual compared to \$2,166,456 budgeted) as a result of contractual services costs being more than budgeted and the Association not budgeting for donated noncash assets.

### CAPITAL ASSETS

The Association's investment in capital assets as of December 31, 2017 was \$10,975 (net of accumulated depreciation).

	Capital Assets - Net of Depreciation	
	2017	2016
Licensed Vehicles	\$ 10,975	14,296

There were no additions to capital assets in the current year. Additional information on the Association's capital assets can be found in note 3 on page 14 of this report.

### LONG-TERM OBLIGATIONS

During the year, the Association paid \$3,870 of the outstanding payable on the installment contract resulting in an ending balance of \$7,129. Additional information on the Association's long-term obligations can be found in note 3 on page 15 of this report.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

At the time these financial statements were prepared and audited, the Association was not aware of any existing circumstances that would adversely affect its financial health in the near future.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Association's finances for all those with an interest in the Association's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Office of the Executive Director, 2915 Maple Street, Franklin Park, Illinois 60131.

## **BASIC FINANCIAL STATEMENTS**

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Statement of Net Position  
December 31, 2017**

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<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 944,676
Receivables - Net of Allowances	621
Prepays	8,548
Total Current Assets	<u>953,845</u>
Noncurrent Assets	
Capital Assets	
Depreciable Capital Assets	24,222
Accumulated Depreciation	<u>(13,247)</u>
Total Noncurrent Assets	<u>10,975</u>
Total Assets	<u>964,820</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Items - IMRF	<u>915,782</u>
Total Assets and Deferred Outflows of Resources	<u>1,880,602</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	45,316
Accrued Payroll	45,441
Installment Contract Payable	<u>3,870</u>
Total Current Liabilities	<u>94,627</u>
Noncurrent Liabilities	
Net Pension Liability - IMRF	533,381
Installment Contract Payable	<u>3,259</u>
Total Noncurrent Liabilities	<u>536,640</u>
Total Liabilities	<u>631,267</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Items - IMRF	<u>38,645</u>
Total Liabilities and Deferred Inflows of Resources	<u>669,912</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	3,846
Restricted	
Capital Replacement	276,004
Cash Reserves	51,316
Unrestricted	<u>879,524</u>
Total Net Position	<u>1,210,690</u>

The notes to the financial statements are an integral part of this statement.

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Statement of Activities**

**For the Fiscal Year Ended December 31, 2017**

	Program Revenues		Net (Expenses)/ Revenues
	Charges for Services	Operating Grants/ Contributions	
Expenses			
Governmental Activities			
Special Recreation	<u>\$ 2,273,467</u>	<u>485,357</u>	<u>74,081</u>
			(1,714,029)
General Revenues			
Member Contributions			1,646,972
Interest Income			8,149
Miscellaneous Income			<u>2,479</u>
			<u>1,657,600</u>
Change in Net Position			(56,429)
Net Position - Beginning			<u>1,267,119</u>
Net Position - Ending			<u><u>1,210,690</u></u>

The notes to the financial statements are an integral part of this statement.



**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Balance Sheet - Governmental Funds  
December 31, 2017**

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<b>ASSETS</b>	
Cash and Investments	\$ 944,676
Receivables - Net of Allowances	
Accounts	621
Prepays	<u>8,548</u>
 Total Assets	 <u><u>953,845</u></u>
 <b>LIABILITIES</b>	
Accounts Payable	45,316
Accrued Payroll	<u>45,441</u>
Total Liabilities	<u>90,757</u>
 <b>FUND BALANCES</b>	
Nonspendable	8,548
Restricted	327,320
Unassigned	<u>527,220</u>
Total Fund Balances	<u>863,088</u>
 Total Liabilities and Fund Balances	 <u><u>953,845</u></u>

The notes to the financial statements are an integral part of this statement.

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities  
December 31, 2017**

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<b>Total Governmental Fund Balances</b>	\$ 863,088
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	10,975
Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Change in Deferred Items - IMRF	877,137
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Net Pension Liability	(533,381)
Installment Contract Payable	<u>(7,129)</u>
<b>Net Position of Governmental Activities</b>	<u><u>1,210,690</u></u>

The notes to the financial statements are an integral part of this statement.

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds  
For the Fiscal Year Ended December 31, 2017**

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Revenues	
Member District Contributions	\$ 1,646,972
Program Fees	198,844
Accommodations	158,136
Donations	918
Grants	74,081
Donated Noncash Assets	47,281
Program and Transportation Support	72,609
Transportation Fees	7,569
Interest Income	8,149
Miscellaneous Income	2,479
Total Revenues	<u>2,217,038</u>
Expenditures	
Special Recreation	
Salaries and Wages	1,247,082
Fringe Benefits	350,846
Contractual Services	382,527
Supplies and Materials	94,828
Donated Noncash Assets Expenditures	47,281
Capital Outlay	59,461
Debt Service	
Principal Retirement	3,870
Total Expenditures	<u>2,185,895</u>
Excess of Revenues Over Expenditures	31,143
Other Financing Sources	
Disposal of Capital Asset	<u>7,000</u>
Net Change in Fund Balance	38,143
Fund Balance - Beginning	<u>824,945</u>
Fund Balance - Ending	<u><u>863,088</u></u>

The notes to the financial statements are an integral part of this statement.

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities**

**For the Fiscal Year Ended December 31, 2017**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 38,143</b>
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Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Depreciation Expense	(3,028)
Disposals - Cost	(56,302)
Disposals - Accumulated Depreciation	56,009

Deferred outflows (inflows) of resources related to the pensions not reported in the funds.

Change in Deferred Items - IMRF	(142,061)
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The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal on long-term  
debt consumes the current financial resources of the governmental funds.

Deduction to Net Pension Liability - IMRF	46,940
Retirement of Debt	<u>3,870</u>

<b>Change in Net Position of Governmental Activities</b>	<b><u><u>(56,429)</u></u></b>
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# **WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

## **Notes to the Financial Statements December 31, 2017**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The West Suburban Special Recreation Association (Association) was formed in 1976 to provide recreation programs to area residents with special needs. The Association is comprised of nine park districts and two Villages: Berwyn Park District, Clyde Park District, Park District of Forest Park, Park District of Franklin Park, Hawthorne Park District, Norridge Park District, North Berwyn Park District, Park District of Oak Park, River Forest Park District, Village of Elmwood Park and Village of Harwood Heights. The major portion of the funding comes from assessments of the member districts. By cooperating, the partner communities consolidate their resources and populations, and hire staff who are trained to work with special populations. Each partner community appoints one representative to the Association’s Board of Directors.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Association’s accounting policies established in GAAP and used by the Association are described below.

#### **REPORTING ENTITY**

In determining the financial reporting entity, the Association complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34,” and includes all component units that have a significant operational or financial relationship with the Association. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

#### **BASIS OF PRESENTATION**

##### **Government-Wide Statements**

The Association’s basic financial statements include both government-wide (reporting the Association as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the Association are reported as governmental activities.

In the Statement of Net Position, the Association’s activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets, deferred outflows and receivables as well as long-term debt, deferred inflows and obligations. The Association’s net position is reported in three parts: net investment in capital assets, restricted net position and unrestricted net position. The Association first utilizes restricted resources to finance qualifying activities.

# WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

##### Government-Wide Statements – Continued

The government-wide Statement of Activities reports both the gross and net cost of the Association's special recreation function, which is supported by general revenues (member contributions, interest income and miscellaneous revenue). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants/contributions. Program revenues must be directly associated with the special recreation function. Operating grants/contributions include operating-specific grants. The net cost of the special recreation function is normally covered by the general revenues (member contributions, interest income and miscellaneous revenue).

The government-wide focus is more on the sustainability of the Association as an entity and the change in the Association's net position resulting from the current year's activities.

##### Fund Financial Statements

The financial transactions of the Association are reported in a single governmental fund in the fund financial statements. This fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

##### Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

# WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

##### Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related liability is incurred. In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are member District contributions and program fees. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

##### Cash and Investments

For purpose of the Statement of Net Position, the Association's cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Association categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Association's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

##### Capital Assets

Capital assets purchased or acquired with an original cost of more than \$15,000, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred. The accounting

# WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

##### Capital Assets – Continued

and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Association as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Licensed Vehicles	5 - 15 Years
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##### Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

##### Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components, if applicable:

Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”



**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**BUDGETARY INFORMATION**

The budgetary information presented is approved by the Association Board of Directors for use as an operating budget. All budgetary data has been prepared on the cash basis of accounting, which does not differ materially from the modified accrual basis which is consistent with generally accepted accounting principles.

The level of control where expenditures may not exceed the budget is the fund level of activity. Unspent budgetary amounts lapse at year end, therefore, are not carried over to succeeding years.

**EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS**

The following fund had an excess of actual expenditures/expenses, exclusive of depreciation, over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
General	\$ 19,439

**NOTE 3 – DETAIL NOTES ON THE ASSOCIATION**

**DEPOSITS AND INVESTMENTS**

Permitted Deposits and Investments - Statutes authorize the Association to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund.

The Illinois Park District Liquid Asset Fund allows Illinois park districts, forest preserves and joint recreational programs to pool their funds for investment purposes. Although not registered with the SEC, the Illinois Park District Liquid Asset Fund operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in the Illinois Park District Liquid Asset Fund are valued at the share price, the price for which the investment could be sold.

**Interest Rate Risk, Credit Risk, Concentration Risk and Custodial Credit Risk**

At year-end, the carrying amount of the Association’s deposits totaled \$38,108 and the bank balances totaled \$62,797. Additionally, at year-end, the Association has \$906,568 invested in the Illinois Park District Liquid Asset Fund, which has an average maturity of less than one year.

# WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 3 – DETAIL NOTES ON THE ASSOCIATION – Continued

#### DEPOSITS AND INVESTMENTS – Continued

##### Interest Rate Risk, Credit Risk, Concentration Risk and Custodial Credit Risk – Continued

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Association does not have a formal policy related to interest rate risk. The Association invests its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Association and conforming to all state and local statutes governing the investment of public funds using the ‘prudent person’ standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Association does not have a formal policy related to credit risk. The Association’s investments in the Illinois Park District Liquid Asset Fund are rated AAAM by Standard and Poor’s.

*Concentration Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the Association’s investment in a single issuer. The Association does not have a formal policy related to concentration risk. At year-end, the Association does not have any investments over 5 percent of the cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Association’s deposits may not be returned to it. The Association does not have a formal policy related to custodial credit risk. At December 31, 2017, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. For an investment, this is the risk that in the event of the failure of the counterparty, the Association will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2017, the Association’s investments in the Illinois Park District Liquid Asset Fund were not subject to custodial credit risk.

#### CAPITAL ASSETS

The following is a summary of capital assets as of the date of this report:

	Beginning Balances	Increases	Decreases	Ending Balances
Depreciable Capital Assets				
Licensed Vehicles	\$ 80,524	-	56,302	24,222
Less Accumulated Depreciation				
Licensed Vehicles	66,228	3,028	56,009	13,247
Total Net Depreciable Capital Assets	14,296	(3,028)	293	10,975

Depreciation expense of \$3,028 was charged to the special recreation function.

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON THE ASSOCIATION – Continued**

**LONG-TERM DEBT**

**Installment Contract Payable**

The Association has issued an installment contract to provide funds for the purchase of capital assets. Installment contracts currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
\$24,222 Installment Contract of 2013, due in monthly non-interest payments of \$323 through July 26, 2019.	\$ 10,999	-	3,870	7,129

**Long-Term Liability Activity**

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Net Pension Liability - IMRF	\$ 580,321	-	46,940	533,381	-
Installment Contract Payable	10,999	-	3,870	7,129	3,870
	591,320	-	50,810	540,510	3,870

**Debt Service Requirements to Maturity**

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Installment Contract Principal
2018	\$ 3,870
2019	3,259
Total	7,129

# WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 3 – DETAIL NOTES ON THE ASSOCIATION – Continued

#### FUND BALANCES/NET POSITION

##### Fund Balance Classifications

In the governmental funds financial statements, the Association considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Association first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

*Nonspendable Fund Balance.* Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

*Restricted Fund Balance.* Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance.* Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Directors; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

*Assigned Fund Balance.* Consists of amounts that are constrained by the Board of Directors' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Directors itself or b) a body or official to which the Board of Directors has delegated the authority to assign amounts to be used for specific purposes. The Association's highest level of decision-making authority is the Board of Directors, who is authorized to assign amounts to a specific purpose.

*Unassigned Fund Balance.* Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

*Minimum Fund Balance Policy.* The Association policy manual states that the unassigned fund balance should represent no less than three months and no more the six month of the next year's budgeted operating expenditures. Balances above the maximum may be committed or assigned to future capital projects or other needs of the Association at the Board's discretion and with their approval.

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 3 – DETAIL NOTES ON THE ASSOCIATION – Continued**

**FUND BALANCES/NET POSITION – Continued**

**Fund Balance Classifications – Continued**

The following is a schedule of fund balance classifications as of the date of this report:

Fund Balances	
Nonspendable	
Prepays	<u>\$ 8,548</u>
Restricted	
Capital Replacement	276,004
Cash Reserves	<u>51,316</u>
	<u>327,320</u>
Unassigned	<u>527,220</u>
Total Fund Balances	<u><u>863,088</u></u>

**Net Position Classifications**

Net investment in capital assets was comprised of the following as of December 31, 2017:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 10,975
Less Capital Related Debt:	
Installment Contract Payable of 2013	<u>(7,129)</u>
Net Investment in Capital Assets	<u><u>3,846</u></u>

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 4 – OTHER INFORMATION**

**RISK MANAGEMENT**

**Park District Risk Management Agency (PDRMA)**

The Association is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and net income losses. Since June 1, 1992, the Association has been a member of the Park District Risk Management Agency (PDRMA) Property/Casualty Program, a joint risk management pool of park and forest preserve Associations, and special recreation associations through which property, general liability, automobile liability, crime, boiler and machinery, public officials', employment practices liability and workers compensation coverage is provided in excess of specified limits for the members, acting as a single insurable unit. The following table is a summary of the coverage in effect for the period January 1, 2017 through January 1, 2018:

<b>Coverage</b>	<b>Member Deductible</b>	<b>PDRMA Self-Insured Retention</b>	<b>Limits</b>
<b>PROPERTY</b>			
Property/Bldg/Contents			
All Losses Per Occurrence	\$1,000	\$1,000,000	\$1,000,000,000/All Members
Flood/Except Zones A & V	\$1,000	\$1,000,000	\$250,000,000/Occurrence/Annual Aggregate
Flood, Zones A & V	\$1,000	\$1,000,000	\$200,000,000/Occurrence/Annual Aggregate
Earthquake Shock	\$1,000	\$100,000	\$100,000,000/Occurrence/Annual Aggregate
Auto Physical Damage			
Comprehensive and Collision	\$1,000	\$1,000,000	Included
Course of Construction	\$1,000	Included	\$25,000,000
Business Interruption, Rental			
Income, Tax Income Combined	\$1,000		\$100,000,000/Reported Values \$500,000/\$2,500,000/Non-Reported Values
Service Interruption	24 Hours	N/A	\$25,000,000
Boiler and Machinery			\$100,000,000 Equipment Breakdown
Property Damage	\$1,000	\$9,000	Property Damage - Included
Business Income	48 Hours	N/A	Included
Fidelity and Crime	\$1,000	\$24,000	\$2,000,000/Occurrence
Seasonal Employees	\$1,000	\$9,000	\$1,000,000/Occurrence
Blanket Bond	\$1,000	\$24,000	\$2,000,000/Occurrence
<b>WORKERS COMPENSATION</b>			
Employers Liability	N/A	\$500,000	Statutory
		\$500,000	\$3,500,000 Employers Liability
<b>LIABILITY</b>			
General	None	\$500,000	\$21,500,000/Occurrence
Auto Liability	None	\$500,000	\$21,500,000/Occurrence
Employment Practices	None	\$500,000	\$21,500,000/Occurrence
Public Officials' Liability	None	\$500,000	\$21,500,000/Occurrence
Law Enforcement Liability	None	\$500,000	\$21,500,000/Occurrence
Uninsured/Underinsured Motorists	None	\$500,000	\$1,000,000/Occurrence

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

**RISK MANAGEMENT – Continued**

**Park Association Risk Management Agency (PDRMA) – Continued**

Coverage	Member Deductible	PDRMA Self-Insured Retention	Limits
<b>POLLUTION LIABILITY</b>			
Liability - Third Party	None	\$25,000	\$5,000,000/Occurrence
Property - First Party	\$1,000	\$24,000	\$30,000,000 3 Year Aggregate
<b>OUTBREAK EXPENSE</b>			
Outbreak Expense	24 Hours	N/A	\$15,000 per Day
			\$1,000,000 Aggregate Policy Limit
<b>INFORMATION SECURITY AND PRIVACY INSURANCE WITH ELECTRONIC MEDIA</b>			
<b>LIABILITY COVERAGE</b>			
Information Security & Privacy			
Liability	None	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
Privacy Notification, Costs	None	\$100,000	\$500,000/Occurrence/Annual Aggregate
Regulatory Defense & Penalties	None	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
Website Media Content Liability	None	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
Cyber Extortion	None	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
Data Protection & Business			
Interruption	\$1,000	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
First Party Business Interruption	8 Hours	\$100,000	\$50,000 Hourly Sublimit/\$50,000 Forensic
			Exp./\$150,000 Dependent Bus. Interruption
<b>VOLUNTEER MEDICAL ACCIDENT</b>			
Volunteer Medical Accident	None	\$5,000	\$5,000 Medical Expense and AD&D
			Excess of any other Collectible Insurance
<b>UNDERGROUND STORAGE TANK LIABILITY</b>			
Underground Storage Tank Liability	None	N/A	\$10,000, Follows Illinois Leaking
			Underground Tank Fund
<b>UNEMPLOYMENT COMPENSATION</b>			
Unemployment Compensation	N/A	N/A	Statutory

Losses exceeding the per occurrence self-insured and reinsurance limit would be the responsibility of the Association.

As a member of PDRMA’s Property/Casualty Program, the Association is represented on the Property/Casualty Program Council and the Membership Assembly and is entitled to one vote on each. The relationship between the Association and PDRMA is governed by a contract and by-laws that have been adopted by resolution of the Association’s governing body.

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**RISK MANAGEMENT – Continued**

**Park Association Risk Management Agency (PDRMA) – Continued**

The Association is contractually obligated to make all annual and supplementary contributions to PDRMA, to report claims on a timely basis, cooperate with PDRMA, its claims administrator and attorneys in claims investigations and settlement, and to follow risk management procedures as outlined by PDRMA. Members have a contractual obligation to fund any deficit of PDRMA attributable to a membership year during which they were a member.

PDRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Program Council. PDRMA also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss reduction and prevention procedures to be followed by the members.

The following represents a summary of PDRMA’s Property/Casualty Program balance sheet at December 31, 2016 and the statement of revenues and expenses for the period ending December 31, 2016:

Assets	\$62,209,572
Deferred Outflows of Resources – Pension	1,117,312
Liabilities	23,580,657
Deferred Inflows of Resources – Pension	34,088
Total Net Position	39,712,139
Revenues	20,508,977
Expenditures	21,505,049

The Association’s portion of the overall equity in the pool is 0.154% or \$61,080.

Since 92.44% of PDRMA’s liabilities are reserves for losses and loss adjustment expenses which are based on an actuarial estimate of the ultimate losses incurred, the Member Balances are adjusted annually as more recent loss information becomes available.



## WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

##### CONTINGENT LIABILITIES

###### Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Association expects such amounts, if any, to be immaterial.

###### Litigation

The Association is currently not involved in any lawsuits.

##### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

###### Illinois Municipal Retirement Fund (IMRF)

The Association contributes to Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

###### Plan Descriptions

*Plan Administration.* All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

*Benefits Provided.* IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Plan Descriptions – Continued**

*Benefits Provided – Continued.* IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

*Plan Membership.* As of December 31, 2017, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	-
Inactive Plan Members Entitled to but not yet Receiving Benefits	11
Active Plan Members	<u>14</u>
Total	<u><u>25</u></u>

*Contributions.* As set by statute, the Association’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended December 31, 2017, the Association’s contribution was 15.47% of covered payroll.

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Plan Descriptions – Continued**

*Net Pension Liability.* The Association’s net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.39% to 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Plan Descriptions – Continued**

*Actuarial Assumptions – Continued.*

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	27%	3.0%
Domestic Equities	38%	6.9%
International Equities	17%	6.8%
Real Estate	8%	5.8%
Blended	9%	2.65% - 7.35%
Cash and Cash Equivalents	1%	2.3%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Association’s contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**Discount Rate Sensitivity**

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Association calculated using the discount rate as well as what the Association’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 709,726	533,381	410,539

# WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

## Notes to the Financial Statements December 31, 2017

### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Illinois Municipal Retirement Fund (IMRF) – Continued

##### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 1,662,613	1,082,292	580,321
Changes for the Year:			
Service Cost	61,367	-	61,367
Interest on the Total Pension Liability	126,997	-	126,997
Difference Between Expected and Actual Experience of the Total Pension Liability	29,175	-	29,175
Changes of Assumptions	(12,347)	-	(12,347)
Contributions - Employer	-	108,073	(108,073)
Contributions - Employees	-	31,437	(31,437)
Net Investment Income	-	120,757	(120,757)
Benefit Payments, including Refunds of Employee Contributions	-	-	-
Other (Net Transfer)	-	(8,135)	8,135
Net Changes	205,192	252,132	(46,940)
Balances at December 31, 2017	1,867,805	1,334,424	533,381

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2017, the Association recognized pension expense of \$203,194. At December 31, 2017, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 874,065	-	874,065
Change in Assumptions	14,848	(10,918)	3,930
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	26,869	(27,727)	(858)
Total Deferred Amounts Related to IMRF	<u>915,782</u>	<u>(38,645)</u>	<u>877,137</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2018	\$ 124,232
2019	123,473
2020	112,821
2021	111,220
2022	118,151
Thereafter	<u>287,240</u>
Totals	<u>877,137</u>

# WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS

The West Suburban Special Recreation Association has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the West Suburban Special Recreation Association are required to pay 100% of the current premium. However, there is minimal participation. As the West Suburban Special Recreation Association provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Therefore, the West Suburban Special Recreation Association has not recorded a liability as of December 31, 2017.

#### SUBSEQUENT EVENT

On January 1, 2018, the Village of North Riverside joined the West Suburban Special Recreation Association.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Contributions  
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability  
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedule  
General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a cash basis which does not differ materially from the modified accrual basis which is consistent with generally accepted accounting principles.



**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Employer Contributions  
December 31, 2017**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 62,506	\$ 76,132	\$ 13,626	\$ 710,298	10.72%
2016	118,471	160,817	42,346	692,003	23.24%
2017	108,073	108,073	-	698,600	15.47%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012)

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
December 31, 2017**

	2015	2016	2017
Total Pension Liability			
Service Cost	\$ 64,423	66,389	61,367
Interest	99,068	111,368	126,997
Differences Between Expected and Actual Experience	28	33,145	29,175
Change of Assumptions	-	-	(12,347)
Benefit Payments, Including Refunds of Member Contributions	(1,011)	-	-
Net Change in Total Pension Liability	162,508	210,902	205,192
Total Pension Liability - Beginning	1,289,203	1,451,711	1,662,613
Total Pension Liability - Ending	1,451,711	1,662,613	1,867,805
Plan Fiduciary Net Position			
Contributions - Employer	\$ 76,132	160,817	108,073
Contributions - Members	36,039	31,140	31,437
Net Investment Income	3,733	61,501	120,757
Benefit Payments, Including Refunds of Member Contributions	(1,011)	-	-
Other (Net Transfer)	26,654	(3,794)	(8,135)
Net Change in Plan Fiduciary Net Position	141,547	249,664	252,132
Plan Net Position - Beginning	691,081	832,628	1,082,292
Plan Net Position - Ending	832,628	1,082,292	1,334,424
Employer's Net Pension Liability	\$ 619,083	580,321	533,381
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.35%	65.10%	71.44%
Covered Payroll	\$ 710,298	692,003	698,600
Employer's Net Pension Liability as a Percentage of Covered Payroll	87.16%	83.86%	76.35%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended December 31, 2017  
(with Comparative Actual Amounts for the Fiscal Year Ended December 31, 2016)**

	12/31/17			12/31/16 Actual
	Budget		Actual	
	Original	Final		
<b>Revenues</b>				
Member District Contributions	\$ 1,646,972	1,646,972	1,646,972	1,635,523
Program Fees	190,656	190,656	198,844	213,258
Accommodations	115,186	115,186	158,136	126,854
Donations	46,180	46,180	918	41
Grants	79,575	79,575	74,081	47,766
Donated Noncash Assets	-	-	47,281	58,867
Program and Transportation Support	65,000	65,000	72,609	60,565
Transportation Fees	13,207	13,207	7,569	5,881
Merchandise Sales	550	550	-	717
Interest Income	2,130	2,130	8,149	2,519
Miscellaneous Income	7,000	7,000	2,479	9,069
Total Revenues	<u>2,166,456</u>	<u>2,166,456</u>	<u>2,217,038</u>	<u>2,161,060</u>
<b>Expenditures</b>				
Special Recreation				
Salaries and Wages	1,255,349	1,255,349	1,247,082	1,177,394
Fringe Benefits	369,565	369,565	350,846	351,148
Contractual Services	372,791	372,791	382,527	332,195
Supplies and Materials	106,601	106,601	94,828	80,383
Donated Noncash Assets Expenditures	-	-	47,281	58,867
Capital Outlay	62,150	62,150	59,461	45,189
Debt Service				
Principal Retirement	-	-	3,870	3,870
Total Expenditures	<u>2,166,456</u>	<u>2,166,456</u>	<u>2,185,895</u>	<u>2,049,046</u>
<b>Excess of Revenues Over Expenditures</b>				
	-	-	31,143	112,014
<b>Other Financing Sources</b>				
Disposal of Capital Asset	-	-	7,000	-
<b>Net Change in Fund Balance</b>				
	<u>-</u>	<u>-</u>	38,143	112,014
Fund Balance - Beginning			<u>824,945</u>	<u>712,931</u>
Fund Balance - Ending			<u>863,088</u>	<u>824,945</u>

## **OTHER SUPPLEMENTARY INFORMATION**

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Schedule of Member District Contribution Revenues - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

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	Budget		Actual
	Original	Final	
Member District Contribution Revenue			
Berwyn Park District Taxes	\$ 150,329	150,329	150,329
Clyde Park District Taxes	214,635	214,635	214,635
Village of Elmwood Park Taxes	140,690	140,690	140,690
Park District of Forest Park Taxes	96,725	96,725	96,725
Park District of Franklin Park Taxes	135,527	135,527	135,527
Village of Harwood Heights Taxes	54,625	54,625	54,625
Hawthorne Park District Taxes	51,520	51,520	51,520
Norridge Park District Taxes	141,350	141,350	141,350
North Berwyn Park District Taxes	87,805	87,805	87,805
Park District of Oak Park Taxes	431,974	431,974	431,974
River Forest Park District Taxes	141,792	141,792	141,792
Total Member District Contribution Revenue	<u>1,646,972</u>	<u>1,646,972</u>	<u>1,646,972</u>

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Schedule of Expenditures - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Special Recreation			
Salaries and Wages			
Full Time	\$ 696,455	696,455	665,209
Regular Part Time	37,676	37,676	39,468
Part Time	72,707	72,707	68,337
Seasonal	341,511	341,511	318,528
Accommodations	107,000	107,000	155,540
Total Salaries and Wages	1,255,349	1,255,349	1,247,082
Fringe Benefits			
Medical Coverage	130,367	130,367	127,470
Pension/FICA	202,148	202,148	193,144
Unemployment	5,000	5,000	-
Mileage Reimbursement	13,000	13,000	11,102
Dues and Registrations	12,000	12,000	12,833
Staff Training	4,000	4,000	4,451
Director Training and Development	1,000	1,000	794
Staff Incentive	2,050	2,050	1,052
Total Fringe Benefits	369,565	369,565	350,846
Contractual Services			
Office Cleaning	4,000	4,000	4,621
Windows and Floors	780	780	650
Waste Removal	3,100	3,100	3,277
Printing and Binding	17,250	17,250	16,065
Postage and Delivery	9,000	9,000	7,498
Professional Services	50,135	50,135	47,017
Publications and Fees	1,475	1,475	1,231
Risk Management	40,010	40,010	34,279
Telephone	13,260	13,260	16,291
Meeting Supplies	3,500	3,500	3,485
Payroll Service and Bank Fees	13,000	13,000	16,523
Rentals - Transportation	97,040	97,040	91,363
Rentals - Camps	17,706	17,706	34,580
Rentals - Facilities	15,550	15,550	11,646
Rentals - Admissions	18,639	18,639	16,685

**WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Special Recreation - Continued			
Contractual Services - Continued			
Rentals - Office Space	\$ 40,640	40,640	41,495
Office Machinery Service	13,706	13,706	25,205
Vehicle Service	14,000	14,000	10,616
Total Contractual Services	372,791	372,791	382,527
Supplies and Materials			
Fuels and Lubricants	13,000	13,000	13,662
Cleaning and Household	200	200	10
Recreation Supplies	17,420	17,420	15,726
Grant Expense	14,917	14,917	6,193
Office Supplies	4,600	4,600	5,872
Clothing	11,050	11,050	10,631
Automotive Supplies	200	200	152
Food and Beverage	12,814	12,814	12,637
Fundraising Supplies	20,900	20,900	15,387
WSSRF Hol Hull	11,500	11,500	14,558
Total Supplies and Materials	106,601	106,601	94,828
Donated Noncash Assets Expenditure	-	-	47,281
Total Special Recreation	2,104,306	2,104,306	2,122,564
Capital Outlay	62,150	62,150	59,461
Debt Service			
Principal Retirement	-	-	3,870
Total Expenditures	2,166,456	2,166,456	2,185,895