

WEST SUBURBAN SPECIAL
RECREATION ASSOCIATION, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

April 12, 2019
Members of the Board of Directors
West Suburban Special Recreation Association
Franklin Park, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Suburban Special Recreation Association, Illinois, as of and for the year ended December 31, 2018, 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, each major fund, and the aggregate remaining fund information of the West Suburban Special Recreation Association, Illinois, as of December 31, 2018, 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 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. 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

Management's Discussion and Analysis December 31, 2018

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, 2018. Please read it in conjunction with the financial statements which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Association's net position increased as a result of this year's operations by \$11,352 or less than one percent.
- During the year, government-wide revenues totaled \$2,310,148, while expenses totaled \$2,298,796, resulting in the increase to net position of \$11,352.
- The Association's net position totaled \$1,222,042 at December 31, 2018, which included \$864,805 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 \$106,268 resulting in ending fund balance of \$969,356, an increase of 12.3 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, 2018

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, 2018

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 - 31 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 \$1,222,042.

	Net Position	
	2018	2017
Current Assets	\$ 1,059,722	953,845
Capital Assets	7,947	10,975
Total Assets	1,067,669	964,820
Deferred Outflows	861,154	915,782
Total Assets/ Deferred Outflows	1,928,823	1,880,602
Long-Term Debt	576,452	536,640
Other Liabilities	92,946	94,627
Total Liabilities	669,398	631,267
Deferred Inflows	37,383	38,645
Total Liabilities/Deferred Inflows	706,781	669,912
Net Position		
Net Investment in Capital Assets	5,367	3,846
Restricted	351,870	327,320
Unrestricted	864,805	879,524
Total Net Position	1,222,042	1,210,690

A portion of the Association's net position, \$5,367 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, \$351,870 or 28.8 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 70.8 percent, or \$864,805, 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, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	<u>Changes in Net Position</u>	
	<u>2018</u>	<u>2017</u>
Revenues		
Program Revenues		
Charges for Services	\$ 493,923	485,357
Operating Grants/Contrib.	71,588	74,081
General Revenues		
Member Contributions	1,725,151	1,646,972
Interest Income	18,438	8,149
Miscellaneous Income	1,048	2,479
Total Revenues	<u>2,310,148</u>	<u>2,217,038</u>
Expenses		
Special Recreation	<u>2,298,796</u>	<u>2,273,467</u>
Change in Net Position	11,352	(56,429)
Net Position - Beginning	<u>1,210,690</u>	<u>1,267,119</u>
Net Position - Ending	<u>1,222,042</u>	<u>1,210,690</u>

Net position of the Association increased by less than one percent (\$1,210,690 in 2017 compared to \$1,222,042 in 2018). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$864,805 at December 31, 2018.

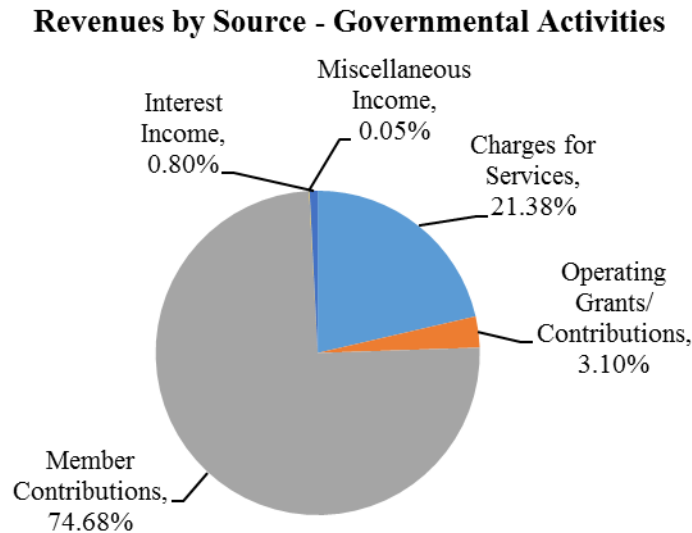
Revenues for 2018 totaled \$2,310,148, while the cost of all programs totaled \$2,298,796. This results in a surplus of \$11,352. In 2017, expenses of \$2,273,467 exceeded revenues of \$2,217,038, resulting in a deficit of \$56,429. The Association reported increases in charges for services, member contributions, and interest income for the year. Due to the significant increases in program revenues, member contributions, and interest income and a slight increase in expenses compared to 2017, the overall increase to net position is \$11,352. The Association reported increases in IMRF, salaries and contractual services for the year. Member contributions increased \$78,179 or 4.7 percent.

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

Management's Discussion and Analysis December 31, 2018

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 \$969,356, which is \$106,268, or 12.3 percent, higher than last year's total of \$863,088. Of the \$969,356 total, \$609,206, or approximately 62.8 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 \$93,110. Expenditures also increased \$17,985 over the prior year. Donated noncash assets of \$62,390 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 31.

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

Management's Discussion and Analysis December 31, 2018

BUDGETARY HIGHLIGHTS

The Association made no budget amendments during the year. Actual revenues for the year totaled \$2,310,148, compared to final budgeted revenues of \$2,279,796. As stated earlier, donated noncash assets of \$62,390 were not budgeted for.

Actual expenditures for the year were \$75,916 less than final budgeted amounts (\$2,203,880 actual compared to \$2,279,796 budgeted) as a result of salaries and wages and contractual services costs being less than budgeted.

CAPITAL ASSETS

The Association's investment in capital assets as of December 31, 2018 was \$7,947 (net of accumulated depreciation).

	Capital Assets - Net of Depreciation	
	2018	2017
Licensed Vehicles	\$ 7,947	10,975

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 \$4,549 of the outstanding payable on the installment contract resulting in an ending balance of \$2,580. 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, 2018**

ASSETS	
Current Assets	
Cash and Investments	\$ 1,050,821
Receivables - Net of Allowances	621
Prepays	8,280
Total Current Assets	<u>1,059,722</u>
Noncurrent Assets	
Capital Assets	
Depreciable Capital Assets	24,222
Accumulated Depreciation	<u>(16,275)</u>
Total Noncurrent Assets	<u>7,947</u>
Total Assets	<u>1,067,669</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>861,154</u>
Total Assets and Deferred Outflows of Resources	<u>1,928,823</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	43,853
Accrued Payroll	46,513
Installment Contract Payable	<u>2,580</u>
Total Current Liabilities	92,946
Noncurrent Liabilities	
Net Pension Liability - IMRF	<u>576,452</u>
Total Liabilities	669,398
DEFERRED INFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>37,383</u>
Total Liabilities and Deferred Inflows of Resources	<u>706,781</u>
NET POSITION	
Net Investment in Capital Assets	5,367
Restricted	
Capital Replacement	299,667
Cash Reserves	52,203
Unrestricted	<u>864,805</u>
Total Net Position	<u><u>1,222,042</u></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, 2018

	<u>Program Revenues</u>		Net (Expenses)/ Revenues
	Charges for Services	Operating Grants/ Contributions	
Expenses			
Governmental Activities			
Special Recreation	<u>\$ 2,298,796</u>	<u>493,923</u>	<u>71,588</u>
			(1,733,285)
			General Revenues
			Member Contributions
			1,725,151
			Interest Income
			18,438
			Miscellaneous Income
			1,048
			<u>1,744,637</u>
			Change in Net Position
			11,352
			Net Position - Beginning
			<u>1,210,690</u>
			Net Position - Ending
			<u>1,222,042</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, 2018**

ASSETS	
Cash and Investments	\$ 1,050,821
Receivables - Net of Allowances	
Accounts	621
Prepays	<u>8,280</u>
 Total Assets	 <u><u>1,059,722</u></u>
 LIABILITIES	
Accounts Payable	43,853
Accrued Payroll	<u>46,513</u>
Total Liabilities	<u>90,366</u>
 FUND BALANCES	
Nonspendable	8,280
Restricted	351,870
Unassigned	<u>609,206</u>
Total Fund Balances	<u>969,356</u>
 Total Liabilities and Fund Balances	 <u><u>1,059,722</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, 2018**

Total Governmental Fund Balances \$ 969,356

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. 7,947

Deferred outflows (inflows) of resources related to the pensions not reported in the funds.
Change in Deferred Items - IMRF 823,771

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.
Net Pension Liability - IMRF (576,452)
Installment Contract Payable (2,580)

Net Position of Governmental Activities 1,222,042

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
For the Fiscal Year Ended December 31, 2018**

Revenues	
Member District Contributions	\$ 1,725,151
Program Fees	206,435
Accommodations	153,488
Donations	180
Grants	71,588
Donated Noncash Assets	62,390
Program and Transportation Support	65,288
Transportation Fees	6,102
Merchandise Sales	40
Interest Income	18,438
Miscellaneous Income	1,048
Total Revenues	<u>2,310,148</u>
Expenditures	
Special Recreation	
Salaries and Wages	1,258,338
Fringe Benefits	381,526
Contractual Services	335,364
Supplies and Materials	105,879
Donated Noncash Assets Expenditures	62,390
Capital Outlay	56,513
Debt Service	
Principal Retirement	3,870
Total Expenditures	<u>2,203,880</u>
Net Change in Fund Balance	106,268
Fund Balance - Beginning	<u>863,088</u>
Fund Balance - Ending	<u><u>969,356</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, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 106,268
---------------------------------------------------------------	-------------------

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

Change in Deferred Items - IMRF	(53,366)
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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.

Additions to Net Pension Liability - IMRF	(43,071)
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Retirement of Debt	<u>4,549</u>
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Change in Net Position of Governmental Activities	<u><u>11,352</u></u>
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WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

Notes to the Financial Statements December 31, 2018

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 thirteen park districts and two Villages: Berwyn Park District, Clyde Park District, Village of Elmwood Park, Park District of Forest Park, Park District of Franklin Park, Village of Harwood Heights, Hawthorne Park District, Norridge Park District, North Berwyn Park District, Village of North Riverside, Park District of Oak Park, River Forest Park District, and Village of Riverside. 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, 2018

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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

The accounting objectives of the “economic resources” measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

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.

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets – Continued

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 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/reduction 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, 2018

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.

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, and the Illinois Park District Liquid Asset 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. The Illinois Park District Liquid Asset Fund is composed of finance officials and treasurers all of whom are employees of the Illinois public agencies, which are investors in the Illinois Park District Liquid Asset Fund. The Illinois Park District Liquid Asset Fund is not registered with the SEC as an Investment Company. 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 \$45,905 and the bank balances totaled \$64,644. Additionally, at year-end, the Association has \$1,004,916 invested in the Illinois Park District Liquid Asset Fund, which has an average maturity of less than one year.

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.

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

Notes to the Financial Statements December 31, 2018

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.

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, 2018, 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, 2018, 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	\$ 24,222	-	-	24,222
Less Accumulated Depreciation				
Licensed Vehicles	13,247	3,028	-	16,275
Total Net Depreciable Capital Assets	10,975	(3,028)	-	7,947

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, 2018**

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.	\$ 7,129	-	4,549	2,580

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	\$ 533,381	43,071	-	576,452	-
Installment Contract Payable	7,129	-	4,549	2,580	2,580
	540,510	43,071	4,549	579,032	2,580

Debt Service Requirements to Maturity

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

Fiscal Year	Installment Contract Principal
2019	\$ 2,580

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

Notes to the Financial Statements December 31, 2018

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, 2018**

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>\$ 8,280</u>
Restricted	
Capital Replacement	299,667
Cash Reserves	<u>52,203</u>
	<u>351,870</u>
Unassigned	<u>609,206</u>
Total Fund Balances	<u><u>969,356</u></u>

Net Position Classifications

Net investment in capital assets was comprised of the following as of December 31, 2018:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 7,947
Less Capital Related Debt:	
Installment Contract Payable of 2013	<u>(2,580)</u>
Net Investment in Capital Assets	<u><u>5,367</u></u>

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2018 through January 1, 2019:

Coverage	Member Deductible	PDRMA Self-Insured Retention	Limits
PROPERTY			
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
WORKERS COMPENSATION			
Employers Liability	N/A	\$500,000	Statutory
		\$500,000	\$3,500,000 Employers Liability
LIABILITY			
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, 2018**

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Park Association Risk Management Agency (PDRMA) – Continued

Coverage	Member Deductible	PDRMA Self-Insured Retention	Limits
POLLUTION LIABILITY			
Liability - Third Party	None	\$25,000	\$5,000,000/Occurrence
Property - First Party	\$1,000	\$24,000	\$30,000,000 3 Year Aggregate
OUTBREAK EXPENSE			
Outbreak Expense	24 Hours	N/A	\$15,000 per Day
			\$1,000,000 Aggregate Policy Limit
INFORMATION SECURITY AND PRIVACY INSURANCE WITH ELECTRONIC MEDIA			
LIABILITY COVERAGE			
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
VOLUNTEER MEDICAL ACCIDENT			
Volunteer Medical Accident	None	\$5,000	\$5,000 Medical Expense and AD&D
			Excess of any other Collectible Insurance
UNDERGROUND STORAGE TANK LIABILITY			
Underground Storage Tank Liability	None	N/A	\$10,000, Follows Illinois Leaking
			Underground Tank Fund
UNEMPLOYMENT COMPENSATION			
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, 2018**

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, 2017 and the statement of revenues and expenses for the period ending December 31, 2017:

Assets	\$65,528,169
Deferred Outflows of Resources – Pension	1,031,198
Liabilities	22,979,446
Deferred Inflows of Resources – Pension	5,600
Total Net Pension	43,574,321
Revenues	23,353,271
Expenditures	17,402,060

The Association’s portion of the overall equity in the pool is 0.157% or \$68,398.

Since 88.70% 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, 2018

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. 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, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – 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, 2018, 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	10
Active Plan Members	<u>14</u>
Total	<u>24</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, 2018, the Association’s contribution was 16.13% of covered payroll.

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – 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, 2018. 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, 2018, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
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.

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions – Continued. 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:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	28.00%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	9.00%	5.75%
Blended	7.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.25% and the prior valuation rate was 7.50%. 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.

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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 net 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 778,050	576,452	433,158

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 1,867,805	1,334,424	533,381
Changes for the Year:			
Service Cost	67,489	-	67,489
Interest on the Total Pension Liability	142,461	-	142,461
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	(33,080)	-	(33,080)
Changes of Assumptions	40,946	-	40,946
Contributions - Employer	-	118,664	(118,664)
Contributions - Employees	-	33,105	(33,105)
Net Investment Income	-	25,242	(25,242)
Benefit Payments, including Refunds of Employee Contributions	(4,141)	(4,141)	-
Other (Net Transfer)	-	(2,266)	2,266
Net Changes	213,675	170,604	43,071
Balances at December 31, 2018	2,081,480	1,505,028	576,452

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – 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, 2018, the Association recognized pension expense of \$215,101. At December 31, 2018, 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	\$ 756,491	(27,894)	728,597
Change in Assumptions	47,369	(9,489)	37,880
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	57,294	-	57,294
Total Deferred Amounts Related to IMRF	<u>861,154</u>	<u>(37,383)</u>	<u>823,771</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
2019	\$ 140,764
2020	130,112
2021	128,511
2022	135,443
2023	119,384
Thereafter	<u>169,557</u>
Total	<u>823,771</u>

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

The Association has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Association are required to pay 100% of the current premium. However, there is minimal participation. As the Association provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Therefore, the Association has not recorded a liability as of December 31, 2018.

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, 2018**

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%
2018	118,664	118,664	-	735,670	16.13%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	25 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, 2018**

See Following Page

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, 2018**

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 64,423
Interest	99,068
Differences Between Expected and Actual Experience	28
Change of Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	<u>(1,011)</u>
 Net Change in Total Pension Liability	 162,508
Total Pension Liability - Beginning	<u>1,289,203</u>
 Total Pension Liability - Ending	 <u><u>1,451,711</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 76,132
Contributions - Members	36,039
Net Investment Income	3,733
Benefit Payments, Including Refunds of Member Contributions	(1,011)
Other (Net Transfer)	<u>26,654</u>
 Net Change in Plan Fiduciary Net Position	 141,547
Plan Net Position - Beginning	<u>691,081</u>
 Plan Net Position - Ending	 <u><u>832,628</u></u>
 Employer's Net Pension Liability	 <u><u>\$ 619,083</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 57.35%
 Covered Payroll	 \$ 710,298
 Employer's Net Pension Liability as a Percentage of Covered Payroll	 87.16%

Note:

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

2016	2017	2018
66,389	61,367	67,489
111,368	126,997	142,461
33,145	29,175	(33,080)
-	(12,347)	40,946
-	-	(4,141)
210,902	205,192	213,675
1,451,711	1,662,613	1,867,805
1,662,613	1,867,805	2,081,480
160,817	108,073	118,664
31,140	31,437	33,105
61,501	120,757	25,242
-	-	(4,141)
(3,794)	(8,135)	(2,266)
249,664	252,132	170,604
832,628	1,082,292	1,334,424
1,082,292	1,334,424	1,505,028
580,321	533,381	576,452
65.10%	71.44%	72.31%
692,003	698,600	735,670
83.86%	76.35%	78.36%

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, 2018
(with Comparative Actual Amounts for the Fiscal Year Ended December 31, 2017)**

	12/31/18			12/31/17 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Member District Contributions	\$ 1,715,501	1,715,501	1,725,151	1,646,972
Program Fees	199,941	199,941	206,435	198,844
Accommodations	167,994	167,994	153,488	158,136
Donations	34,108	34,108	180	918
Grants	77,500	77,500	71,588	74,081
Donated Noncash Assets	-	-	62,390	47,281
Program and Transportation Support	68,752	68,752	65,288	72,609
Transportation Fees	8,450	8,450	6,102	7,569
Merchandise Sales	250	250	40	-
Interest Income	7,300	7,300	18,438	8,149
Miscellaneous Income	-	-	1,048	2,479
Total Revenues	<u>2,279,796</u>	<u>2,279,796</u>	<u>2,310,148</u>	<u>2,217,038</u>
Expenditures				
Special Recreation				
Salaries and Wages	1,350,867	1,350,867	1,258,338	1,247,082
Fringe Benefits	376,772	376,772	381,526	350,846
Contractual Services	369,198	369,198	335,364	382,527
Supplies and Materials	117,393	117,393	105,879	94,828
Donated Noncash Assets Expenditures	-	-	62,390	47,281
Capital Outlay	65,566	65,566	56,513	59,461
Debt Service				
Principal Retirement	-	-	3,870	3,870
Total Expenditures	<u>2,279,796</u>	<u>2,279,796</u>	<u>2,203,880</u>	<u>2,185,895</u>
Excess of Revenues Over Expenditures				
	-	-	106,268	31,143
Other Financing Sources				
Disposal of Capital Asset	-	-	-	7,000
Net Change in Fund Balance				
	<u>-</u>	<u>-</u>	106,268	38,143
Fund Balance - Beginning				
			<u>863,088</u>	<u>824,945</u>
Fund Balance - Ending				
			<u>969,356</u>	<u>863,088</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, 2018**

	Budget		Actual
	Original	Final	
Member District Contribution Revenues			
Berwyn Park District Taxes	\$ 150,165	150,165	150,165
Clyde Park District Taxes	214,753	214,753	214,753
Village of Elmwood Park Taxes	154,924	154,924	154,924
Park District of Forest Park Taxes	96,804	96,804	96,804
Park District of Franklin Park Taxes	143,060	143,060	143,060
Village of Harwood Heights Taxes	58,869	58,869	58,869
Hawthorne Park District Taxes	51,770	51,770	51,770
Norridge Park District Taxes	153,936	153,936	153,936
North Berwyn Park District Taxes	87,350	87,350	87,350
Village of North Riverside	33,944	33,944	33,944
Park District of Oak Park Taxes	429,892	429,892	429,892
River Forest Park District Taxes	140,034	140,034	140,034
Village of Riverside	-	-	9,650
Total Member District Contribution Revenues	<u>1,715,501</u>	<u>1,715,501</u>	<u>1,725,151</u>

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Special Recreation			
Salaries and Wages			
Full Time	\$ 703,974	703,974	684,766
Regular Part Time	39,155	39,155	37,742
Part Time	69,795	69,795	65,326
Seasonal	381,883	381,883	315,087
Accommodations	156,060	156,060	155,417
Total Salaries and Wages	1,350,867	1,350,867	1,258,338
Fringe Benefits			
Medical Coverage	127,302	127,302	138,562
Pension/FICA	209,416	209,416	215,149
Unemployment	5,000	5,000	-
Mileage Reimbursement	13,000	13,000	10,707
Dues and Registrations	18,904	18,904	14,807
Director Training and Development	1,000	1,000	375
Staff Incentive	2,150	2,150	1,926
Total Fringe Benefits	376,772	376,772	381,526
Contractual Services			
Office Cleaning	1,700	1,700	215
Windows and Floors	-	-	494
Waste Removal	3,300	3,300	2,763
Printing and Binding	21,183	21,183	20,379
Postage and Delivery	9,000	9,000	5,652
Professional Services	39,366	39,366	33,267
Publications and Fees	1,475	1,475	845
Risk Management	33,430	33,430	34,213
Telephone	15,676	15,676	14,452
Meeting Supplies	4,000	4,000	4,192
Reimbursables	-	-	(93)
Payroll Service and Bank Fees	18,700	18,700	15,970
Rentals - Transportation	104,341	104,341	96,059
Rentals - Camps	18,300	18,300	17,650
Rentals - Facilities	17,100	17,100	10,998
Rentals - Admissions	22,600	22,600	17,891

WEST SUBURBAN SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Special Recreation - Continued			
Contractual Services - Continued			
Rentals - Office Space	\$ 38,091	38,091	37,663
Office Machinery Service	9,936	9,936	9,760
Vehicle Service	11,000	11,000	12,994
Total Contractual Services	369,198	369,198	335,364
Supplies and Materials			
Fuels and Lubricants	13,000	13,000	13,569
Cleaning and Household	400	400	524
Recreation Supplies	18,743	18,743	22,523
Grant Expense	5,000	5,000	11,124
Office Supplies	4,900	4,900	4,778
Clothing	12,490	12,490	8,877
Automotive Supplies	200	200	88
Food and Beverage	15,410	15,410	14,933
Fundraising Supplies	22,050	22,050	17,764
WSSRF Hol Hull	25,200	25,200	11,699
Total Supplies and Materials	117,393	117,393	105,879
Donated Noncash Assets Expenditure	-	-	62,390
Total Special Recreation	2,214,230	2,214,230	2,143,497
Capital Outlay	65,566	65,566	56,513
Debt Service			
Principal Retirement	-	-	3,870
Total Expenditures	2,279,796	2,279,796	2,203,880