

**South Suburban Special Recreation Association
Annual Financial Report
For The Year Ended May 31, 2018**

**South Suburban Special Recreation Association
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For The Year Ended May 31, 2018**

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
South Suburban Special Recreation Association
Tinley Park, Illinois

Report on the Financial Statements

We have audited the accompanying basic financial statements of the business type activities of the South Suburban Special Recreation Association as of and for the year ended May 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 basic 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 basic 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 basic 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 basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the South Suburban Special Recreation Association, as of May 31, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and certain pension disclosures 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.

The Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual listed on the table of contents is not a required part of the basic financial statement but is supplementary information required by the Governmental Accounting Standards Board. The Required Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ending May 31, 2018 and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supplementary schedule listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the South Suburban Special Recreation Association. The information has not been audited by us and accordingly, we express no opinion on such matters.

Kuntle & Associates, P.C.

**SOUTH SUBURBAN SPECIAL RECREATION ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2018**

The South Suburban Special Recreation Association's (the "Association") management's discussion and analysis is designed to: (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Association's financial activity, (3) identify changes in the Association's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget) and (5) identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Association's financial statements (beginning on page 8).

Financial Highlights

The Association's financial status continues to remain strong. The Association concluded the year with a fund net position of \$868,435. Overall operating revenues this past year were \$1,295,312 and operating expenses were \$1,600,466 for a net operating loss of \$305,154. Arrangements with partner Park Districts and Villages allow for solid cash flow, since the state legislature previously removed the special recreation tax from the tax cap, allowing member districts to increase their levies which fund member agency contributions. However, declining property values have presented a challenge for member agencies and the association in recent years.

Total net position decreased from \$2,368,607 to \$1,983,079 over the course of the year due to: depreciation of capital assets (\$107,258), use of the association's General Fund (\$359,814) as budgeted, a change in the IMRF net position liability and adjustments for the IMRF plan year. Member Agency contributions assessed and collected were \$968,402 compared to the prior year of \$981,337 for a decrease of \$12,935 or 1%.

Program fee revenue increased over the past year from \$195,737 to \$223,071. Additional grants and contributions were received, which cover the direct costs of select programs.

The Association continues to have the ability to devote resources toward maintaining, improving and expanding its programs and operational equipment. In 2018, \$67,420 was spent on capital assets.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Association's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. The Association also includes in this report additional information to supplement the basic financial statements.

**SOUTH SUBURBAN SPECIAL RECRETION ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
MAY 31, 2018**

Government-wide Financial Statements

The Association's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Association's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the statement of position presenting information that includes all of the Association's assets and liabilities, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the Association would extend to other non-financial factors such as diversification of the partner base or the condition of the Association's infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the Association's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statements of activities is to show the financial reliance of the Association's distinct activities or functions on revenues provided by the Association's partner agencies.

The government-wide financial statements are presented on pages 8 - 9 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Association uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Association's flow of financial resources rather than the Association as a whole.

Business type funds are reported in the fund financial statements and encompass essentially the same functions reported as business type activities in the government-wide financial statements. However, the focus is different, with fund statements providing a distinctive view of the Association's business type fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the fund balance sheet and the fund statement of revenues, expenditures and changes in fund net position provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic business type fund financial statements are presented on pages 10 - 11 of this report.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 15 of this report.

**SOUTH SUBURBAN SPECIAL RECREATION ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
MAY 31, 2018**

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Association's progress in funding its obligation to provide pension benefits to its employees. Supplementary information can be found beginning on page 33 of this report.

Government-wide Financial Analysis

The Association implemented the new financial reporting model used in this report beginning with the fiscal year ended May 31, 2005.

The Association's combined net position decreased from \$2,368,607 to \$1,983,079 as a result of operations and pension liability in 2018. This is after \$107,258 in depreciation which is reflected as a decrease in net capital assets.

South Suburban Special Recreation Association
Statement of Net Position
May 31, 2018 and 2017

	2018	2017
Current and Other Assets	\$ 987,746	\$ 1,346,626
Capital Assets	1,397,566	1,437,404
Total Assets	2,385,312	2,784,030
Deferred Outflows	65,156	74,813
Total Deferred Outflows	65,156	74,813
Current and Other Liabilities	394,096	489,936
Total Liabilities	394,096	489,936
Net Position:		
Investment in Capital Assets	1,397,566	1,437,404
Restricted	39,000	47,800
Unrestricted	546,513	883,403
Total Net Position	\$ 1,983,079	\$ 2,368,607

**SOUTH SUBURBAN SPECIAL RECREATION ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
MAY 31, 2018**

	2018	2017
Revenues		
Charges for Services	\$ 1,207,147	\$ 1,188,560
Grants and Donations	88,165	96,866
*General Revenues	16,282	2,494
Total Revenues	1,311,594	1,287,920
Expenses		
Program Services	1,697,122	1,599,676
Total Expenses	1,697,122	1,599,676
 Increase in Net Position	 \$ (385,528)	 \$ (311,756)

*includes interest income and sale of vehicle .

Financial Analysis of the Association's Fund

Business Type Funds

As discussed, business type funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Business type funds reported ending fund net position of \$868,435 compared to \$1,228,249 in the prior year. Of this amount \$0 is nonspendable, \$39,000 is restricted, \$277,000 is assigned and the remaining \$552,435 is unrestricted, indicating availability for continuing the Association's operations.

Amounts have been assigned by management for the following purposes:

Inclusion Services	\$	80,000
Building Maintenance and Repair		97,000
Vehicle Replacement		100,000
	\$	277,000

The General Fund is the primary operating and only fund of the Association. The total ending fund net position of the General Fund shows a decrease of \$359,814 over the prior year.

General Fund Budgetary Highlights

During the 2018 Budget year, the Association did not revise the annual operating budget.

The General Fund is reported as the only fund, and accounts for the routine program operations of the Association.

Operating revenues in the general fund were \$1,295,312, which was \$16,793 over budget. Operating expenditures were \$1,600,466, which was \$95,737 under budget.

**SOUTH SUBURBAN SPECIAL RECREATION ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
MAY 31, 2018**

Capital Asset and Debt Administration

Capital Assets

The Association's investment in capital assets, net of accumulated depreciation for governmental activities as of May 31, 2018 and 2017 was \$1,397,566 and \$1,437,404, respectively.

	2018		2017
Land	\$ 5,000	\$	5,000
Building	1,284,486		1,340,906
Improvements	13,094		14,693
Equipment	11,697		14,566
Vehicles	83,289		62,239
Capital Assets, net	\$ 1,397,566	\$	1,437,404

Debt Administration

As of May 31, 2018, the Association has no bonds or other long-term debt.

Factors Bearing on the Association's Future

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.

Contacting the Association's Financial Management

This financial report is designed to provide a general overview of the Association's finances, comply with finance related laws and regulations and demonstrate the Association's commitment to public accountability. If you have any questions about this report or would like to request additional information please contact Janet Porter, Executive Director, South Suburban Special Recreation Association, 19910 80th Avenue, Tinley Park, IL 60487.

South Suburban Special Recreation Association
Statement of Net Position
May 31, 2018

	Business Type Activities
ASSETS	
Cash	\$ 895,413
Accounts Receivable (Net of allowance of \$1,000)	90,025
Prepaid Expenses	2,308
Capital Assets	
Capital Assets Not Being Depreciated	5,000
Other Capital Assets, Net of Depreciation	1,392,566
Total Capital Assets	<u>1,397,566</u>
TOTAL ASSETS	<u>2,385,312</u>
DEFERRED OUTFLOWS	
IMRF Deferred Outflows	31,106
IMRF Plan Year Adjustment	<u>34,050</u>
TOTAL DEFERRED OUTFLOWS	<u>65,156</u>
LIABILITIES	
Due Within One Year	
Accounts Payable	31,886
Accrued Payroll	14,002
Unearned Revenue	73,423
Due in More Than One Year	
IMRF Net Pension Liability	<u>274,785</u>
TOTAL LIABILITIES	<u>394,096</u>
DEFERRED INFLOWS	
IMRF Deferred Outflows	<u>73,293</u>
TOTAL DEFERRED INFLOWS	<u>73,293</u>
NET POSITION	
Investment in Capital Assets	1,397,566
Restricted Amounts	39,000
Unrestricted Amounts	<u>546,513</u>
TOTAL NET POSITION	<u><u>\$ 1,983,079</u></u>

See Accompanying Notes To The Financial Statements

South Suburban Special Recreation Association
Statement of Activities
For The Year Ended May 31, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges For Services	Grants and Donations	Business Type Activities
BUSINESS TYPE ACTIVITIES				
Program Services	\$ 1,697,122	\$ 1,207,147	\$ 88,165	\$ (401,810)
Total Business Type Activities	<u>\$ 1,697,122</u>	<u>\$ 1,207,147</u>	<u>\$ 88,165</u>	<u>(401,810)</u>
GENERAL REVENUES				
Interest Income				4,282
Gain on Sale of Vehicle				<u>12,000</u>
TOTAL GENERAL REVENUES				<u>16,282</u>
CHANGE IN NET POSITION				(385,528)
NET POSITION, BEGINNING OF YEAR				<u>2,368,607</u>
END OF YEAR				<u>\$ 1,983,079</u>

See Accompanying Notes To The Financial Statements

South Suburban Special Recreation Association
Statement of Fund Net Position
May 31, 2018

	Special Recreation
ASSETS	
Cash	\$ 895,413
Accounts Receivable (Net of allowance of \$1,000)	90,025
Prepaid Expenditures	<u>2,308</u>
TOTAL ASSETS	<u>987,746</u>
TOTAL DEFERRED OUTFLOWS	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>987,746</u>
LIABILITIES	
Accounts Payable	31,886
Accrued Payroll	14,002
Unearned Revenue	<u>73,423</u>
TOTAL LIABILITIES	<u>119,311</u>
TOTAL DEFERRED INFLOWS	<u>0</u>
TOTAL NET POSITION	
Assigned Amounts	277,000
Restricted Amounts	39,000
Unrestricted Amounts	<u>552,435</u>
TOTAL NET POSITION	<u>868,435</u>
Amounts reported in the statement of net position are different because:	
Capital assets are reported in the government-wide financial statements but are not reported in the fund financial statements.	1,397,566
IMRF Deferred Outflows are not recorded in the fund financial statements.	31,106
IMRF Plan Year Adjustments are not recorded in the fund financial statements.	34,050
IMRF Net Pension Liability is not recorded on the fund financial statements.	(274,785)
IMRF Deferred Inflows are not recorded in the fund financial statements.	<u>(73,293)</u>
NET POSITION	<u><u>\$ 1,983,079</u></u>

See Accompanying Notes To The Financial Statements

**South Suburban Special Recreation Association
Statement of Revenues, Expenses and Changes in Fund Net Position
For The Year Ended May 31, 2018**

	Special Recreation
OPERATING REVENUES	
Administrative	
Member Contributions	\$ 968,402
Program	
Program Fees	223,071
Grants and Contributions	73,123
Fundraising	15,042
Scholarships	15,674
TOTAL OPERATING REVENUES	<u>1,295,312</u>
OPERATING EXPENSES	
Current	
Administration	
Personnel Services	499,727
Supplies	11,964
Other Services and Charges	147,564
Program	
Personnel Services	710,226
Supplies	72,082
Other Services and Charges	158,903
TOTAL OPERATING EXPENSES	<u>1,600,466</u>
OPERATING LOSS	<u>(305,154)</u>
NON OPERATING INCOME (EXPENSE)	
Interest Income	4,282
Gain on Sale of Vehicle	12,000
Capital Outlay	(70,942)
TOTAL NON OPERATING INCOME (EXPENSE)	<u>(54,660)</u>
CHANGE IN FUND NET POSITION	(359,814)
FUND NET POSITION, BEGINNING OF YEAR	<u>1,228,249</u>
END OF YEAR	<u><u>\$ 868,435</u></u>

See Accompanying Notes To The Financial Statements

**South Suburban Special Recreation Association
 Reconciliation of the Statement of Revenues, Expenses and Changes in
 Fund Net Position to the Statement of Activities
 For The Year Ended May 31, 2018**

Net Change in Fund Net Position (Statement of Revenues, Expenses, and Changes in Fund Net Position)	\$ (359,814)
Amounts reported for business type activities in the Statement of Activities are different because:	
Depreciation of Capital Assets is not considered an expense in the fund financial statements.	(107,258)
The purchase of Capital Assets is considered an expense in the fund financial statements.	67,420
Pension-related accounts are not reported in the fund financial statements as follows:	
Change in IMRF Deferred Outflows	(9,752)
Change in the IMRF Plan Year	95
Change in Net Pension Liability	97,074
Change in IMRF Deferred Inflows	<u>(73,293)</u>
Change in Net Position of Business Type Activities (Statement of Activities)	<u>\$ (385,528)</u>

See Accompanying Notes To The Financial Statements

**South Suburban Special Recreation Association
Statement of Cash Flows
For The Year Ended May 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Members and Customers	\$ 1,234,324
Cash Payments to Suppliers and Employees	<u>(1,590,747)</u>

NET CASH USED IN OPERATING ACTIVITIES

(356,423)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received	4,282
Cash Proceeds from Sale of Vehicle	12,000
Cash Payments for Capital Assets	<u>(70,942)</u>

NET CASH USED IN INVESTING ACTIVITIES

(54,660)

NET DECREASE IN CASH AND CASH EQUIVALENTS

(411,083)

**CASH AND CASH EQUIVALENTS,
BEGINNING OF YEAR**

1,306,496

END OF YEAR

\$ 895,413

See Accompanying Notes To The Financial Statements

**South Suburban Special Recreation Association
Statement of Cash Flows (Continued)
For The Year Ended May 31, 2018**

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN
OPERATING ACTIVITIES**

Operating Loss	<u>\$ (305,154)</u>
Adjustment to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Change in Certain Assets and Liabilities:	
Accounts Receivable	(57,178)
Prepaid Expenses	4,675
Accounts Payable	4,650
Accrued Payroll	394
Unearned Revenue	<u>(3,810)</u>
Total Adjustments	<u>(51,269)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>\$ (356,423)</u></u>

See Accompanying Notes To The Financial Statements

South Suburban Special Recreation Association
Notes To The Financial Statements
For The Year Ended May 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The South Suburban Special Recreation Association is a cooperative association of park districts and municipal entities that have organized to jointly provide recreation services for individuals with disabilities and has received a 501(c)(3) status from the Internal Revenue Service. The member agencies include the Park Districts of Country Club Hills, Frankfort Square, Hazel Crest, Homewood - Flossmoor, Lan-Oak, Oak Forest, Olympia Fields, and Tinley Park-Park District, and the Matteson, Park Forest, and Richton Park Parks and Recreation Departments. A summary of significant accounting policies is as follows:

A. Reporting Entity

The Association follows the provisions of Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14". As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate, tax-exempt entities and meet all of the following criteria:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The Association has concluded that no entities meet the criteria of Statement 39 for inclusion as a component unit. Likewise, the Association is not required to be included as a component unit of any other entity.

Governmental Accounting Standards Board Statement No. 61, "The Financial Reporting Entity", is an amendment of GASB Statements No. 14 and No. 39, which does not have impact on the current year financial statements.

B. GASB Pronouncements

As of June 1, 2012, the Association has implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position.

**South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GASB Pronouncements (Continued)

As of June 30, 2012, the Association has implemented GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities". The objective of this statement is to establish accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The Statement also recognizes as outflows of resources or inflows of resources certain items that were previously reported as assets and liabilities.

As of June 1, 2015, the District has implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" which is an amendment of GASB Statement No. 27. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Under the implementation of GASB 68, the District has also implemented GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date" – an amendment of GASB No. 68.

C. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business type activities, when applicable.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The Association allocates indirect expenses to functions in the Statement of Activities in cases where a clear and direct connection exists. Program revenues include charges to residents who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. Member contributions and other income items that are not specifically related to a function are reported as general revenues.

**South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Funds are organized as major funds or non-major funds within the fund financial statements. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- Total assets, deferred outflows, liabilities, deferred inflows revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type and
- Total assets, deferred outflows, liabilities, deferred inflows, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

Business Type Funds (Business Type Activities)

Business type funds are those through which most business type functions of the Association are financed. The Association's expendable financial resources are accounted for through business type funds. The measurement focus is based upon determination of changes in financial position rather than upon net income determination. A brief explanation of the Association's business type fund follows:

General Fund

The General Fund is the primary operating fund of the Association. It is used to account for all financial resources.

MAJOR FUND

The Association reports the following major business type fund:

- The General Fund, which accounts for the association's primary operating activities.

South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The current financial resources measurement focus and the modified accrual basis of accounting are followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available to finance the Association's operations. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Member agency contributions, investment earnings, and charges for services are the primary revenue sources susceptible to accrual. Class registration fees received by the Association are recognized as revenue when the class starts. All other revenues are recognized when cash is received. Expenditures are recorded when the related fund liability is incurred.

The Association reports unearned revenues on its Statement of Net Position and its Business Type Fund Balance Sheet. For government-wide financial statements, unearned revenues arise from program charges received before the program has started. For governmental fund financial statements, deferred revenues occur when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the Association before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Association has a legal claim to the resources, the liability for deferred revenue is removed from the Business Type Fund Balance Sheet and revenue is recognized accordingly.

E. Measurement Focus

On the government-wide Statement of Net Position and Statement of Activities, business type activities are presented using the flow of economic resources measurement focus, which means all assets and liabilities (whether current or non-current) are included on the Statement of Net Position and the operating statements present increases and decreases in net total assets.

South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus (Continued)

The measurement focus of all business type funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions, which will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements, but are excluded from the business type fund financial statements. The related expenditures are recognized in the business type fund financial statements when the liabilities are liquidated.

F. Income Taxes

For tax reporting purposes, the Association operates as a nonprofit organization and has received exempt status under section 501 (c)(3) of the Internal Revenue Code. Accordingly, a provision for income taxes has not been made on the financial statements. It is also classified as other than a private foundation. The Organization has no unrelated business income during the year ended May 31, 2018, and therefore, no provision for federal or state income taxes has been made in the accompanying financial statements.

In preparing the Federal Form 990, the Association follows The Financial Accounting Standards Board Accounting Standards Codification No. 958, "Not-For-Profit Entities." Under ASC 958, the Organization is required to distinguish between contributions received that increase permanently restricted net position, temporarily restricted net position, and unrestricted net position. ASC 958 also establishes standards for the financial statements of Not-for-Profit Organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows.

For tax reporting purposes, the Association operates as a nonprofit organization and has received exempt status under section 501(c)(3) of the Internal Revenue Code. Accordingly, a provision for income taxes has not been made on the financial statements.

The Association files its tax returns with the U.S. federal and various state and local tax jurisdictions. With few exceptions, the Association is no longer subject to examinations by major tax jurisdictions for years ending May 31, 2015 and prior.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Budgetary and Budgetary Accounting

The Association follows these procedures in establishing the budgetary data reflected in the financial statements.

Prior to June 1, the Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing June 1. The operating budget includes proposed disbursements and the means of financing them.

Formal budgetary integration is employed as a management control device during the year in the general fund.

Budgeted amounts are approved by the Board of Directors.

I. Cash and Cash Equivalents

For purpose of reporting cash flows, cash and cash equivalents are defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond May 31, 2018 are recorded as prepaid items.

K. Capital Assets

Depreciation of all exhaustible capital assets over the threshold of \$1,000 is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	30 Years
Improvements	20 – 50 Years
Equipment	5 - 20 Years
Vehicles	5 Years

L. Compensated Absences

The Association's employees are allowed a specified number of compensated vacation days each year. Unused sick leave days may be accumulated but are not compensated. The Association does not recognize a liability for accumulated unused sick leave, personal or vacation days, as the amount of the liability is not significant. Compensated absences are recognized as an expenditure in the year they occur.

**South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Equity Classifications

Equity is classified as net position and displayed in three components:

- Net investment in capital assets – consists of capital assets, net of accumulated depreciation and related debt, if applicable.
- Restricted Amounts – consists of amounts with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted Amounts – consists of all other amounts that do not meet the definition of restricted or invested in capital assets.

NOTE 2 - CASH AND CASH EQUIVALENTS

A. Deposits

At May 31, 2018, the carrying amount of the Association's deposits was \$895,413 and the bank balance was \$916,045. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

B. Policies and Investments

It is the policy of the Association to invest 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.

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Association's deposits may not be returned to it. The Association's investment policy requires pledging of collateral of all bank balances in excess of federal depository insurance with the collateral held by a third party in the Association's name.

The Association limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government.

South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018

NOTE 3 – CAPITAL ASSETS

A summary of the changes in capital assets for the year follows for the business-type activities. Depreciation expense for the year ended May 31, 2018 was \$107,258.

	Balance May 31, 2017	Additions	Retirements	Balance May 31, 2018
Capital Assets Not Subject to Depreciation				
Land	\$ 5,000	\$ 0	\$ 0	\$ 5,000
Subtotal	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>5,000</u>
Capital Assets Subject to Depreciation				
Building	1,692,604	0	0	1,692,604
Improvements	36,154	0	0	36,154
Equipment	89,025	3,060	(3,231)	88,854
Vehicles	330,393	64,360	(56,750)	338,003
Subtotal	<u>2,148,176</u>	<u>67,420</u>	<u>(59,981)</u>	<u>2,155,615</u>
Total	<u>2,153,176</u>	<u>67,420</u>	<u>(59,981)</u>	<u>2,160,615</u>
Less Accumulated Depreciation				
Building	(351,698)	(56,420)	0	(408,118)
Improvements	(21,461)	(1,599)	0	(23,060)
Equipment	(74,459)	(5,929)	3,231	(77,157)
Vehicles	(268,154)	(43,310)	56,750	(254,714)
Total Accumulated Depreciation	<u>(715,772)</u>	<u>(107,258)</u>	<u>59,981</u>	<u>(763,049)</u>
Net Capital Assets	<u>\$ 1,437,404</u>	<u>\$ (39,838)</u>	<u>\$ 0</u>	<u>\$ 1,397,566</u>

NOTE 4 – UNEARNED REVENUE

During the year ended May 31, 2018, the Association received program fees of \$73,423 to be used for the subsequent fiscal year's operations. These funds are accordingly classified on the accompanying financial statements as unearned revenue and will be recognized as revenue in the subsequent fiscal year.

**South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018**

NOTE 5 - MEMBERS CONTRIBUTIONS

Contributions received from members during the 2017-2018 fiscal year were:

Country Club Hills	\$	44,648
Frankfort Square		122,863
Hazel Crest		31,922
Homewood-Flossmoor		128,742
Lan-Oak		88,420
Matteson		94,752
Oak Forest		86,650
Olympia Fields		30,253
Park Forest		29,928
Richton Park		33,226
Tinley Park		276,998
		<hr/>
	\$	<u>968,402</u>

NOTE 6 - RISK MANAGEMENT

The South Suburban Special Recreation 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 South Suburban Special Recreation Association has been a member of the Park District Risk Management Agency (PDRMA) Property/Casualty Program. PDRMA is a public entity risk pool consisting of park districts, forest preserve districts, special recreation associations and certain non-profit organizations serving the needs of public entities formed in accordance with the terms of an intergovernmental cooperative agreement among its members. Property, general liability, automobile liability, crime, boiler and machinery, public officials' liability, employment practices liability, workers compensation and pollution liability 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 property/casualty coverage in effect for the period January 1, 2018 through January 1, 2019.

**South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018**

NOTE 6 - RISK MANAGEMENT (CONTINUED)

Coverage	Member Deductible	PDRMA Self- Insured Retention	Limits	Insurance Company	Policy Number
1. Property					
All losses per occurrence	\$1,000	\$1,000,000	\$1,000,000,000/all members Declaration 11	PDRMA Reinsurers:	P070117
Flood/except Zones A&V	\$1,000	\$1,000,000	\$250,000,000/occurrence/annual aggregate	Various Reinsurers	
Flood, Zones A & V	\$1,000	\$1,000,000	\$200,000,000/occurrence/annual aggregate	through the Public Entity	
Earthquake Shock	\$1,000	\$100,000	\$100,000,000/occurrence/annual aggregate	Property Reinsurance Program (PEPIP)	
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 reported values non-reported values		
Service Interruption	24 hours	N/A	\$25,000,000		
			OTHER SUB-LIMITS APPLY - REFER TO COVERAGE DOCUMENT		
Boiler and Machinery Property damage Business Income	\$1,000 48 hours	\$9,000 N/A	\$100,000,000 Equipment Breakdown Property damage - included Included	Travelers Indemnity Co. of Illinois	BME1 0525L478
			OTHER SUB-LIMITS APPLY - REFER TO COVERAGE DOCUMENT		
Fidelity and Crime	\$1,000	\$24,000	\$2,000,000/occurrence	National Union	03-582-80-45
Seasonal employees	\$1,000	\$9,000	\$1,000,000/occurrence	Fire Insurance Co.	
Blanket bond	\$1,000	\$24,000	\$2,000,000/occurrence		
2. Workers Compensation					
Employers' Liability	N/A	\$500,000 \$500,000	Statutory \$3,500,000 Employers Liability	PDRMA Government Entities Mutual (GEM) Safety National	WC010118 GEM-0003- A18001 SP4058065
3. Liability					
General	None	\$500,000	\$21,500,000/occurrence	PDRMA	L010118
Auto Liability	None	\$500,000	\$21,500,000/occurrence	Reinsurers:	GEM-0003-
Employment Practices	None	\$500,000	\$21,500,000/occurrence	GEM/Great	A18001
Public Officials' Liability	None	\$500,000	\$21,500,000/occurrence	American/Genesis	C501
Law Enforcement Liability	None	\$500,000	\$21,500,000/occurrence		
Uninsured/Underinsured Motorists	None	\$500,000	\$1,000,000/occurrence		
4. Pollution Liability					
Liability - Third Party	None	\$25,000	\$5,000,000/occurrence	XL Environmental	PEC 2535805
Property - First Party	\$1,000	\$24,000	\$30,000,000 3 yr. aggregate	Insurance	
5. Outbreak Expense					
	24 hours	N/A	\$15,000 per day \$1 million aggregate policy limit	Great American	OB010118

**South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018**

NOTE 6 - RISK MANAGEMENT (CONTINUED)

Coverage	Member Deductible	PDRMA Self- Insured Retention	Limits	Insurance Company	Policy Number
6. Information Security and Privacy Insurance with Electronit Media Liability Coverage					
Information Security & Privacy Liability	None	\$100,000	\$2,000,000/occurrence/annual aggregate	Beazley Lloyds Syndicate	PH1533938
Privacy Notification Costs	None	\$100,000	\$500,000/occurrence/annual aggregate	AFB 2623/623	
Regulatory Defense & Penalties	None	\$100,000	\$2,000,000/occurrence/annual aggregate	through the PEPPIP program	
Websit 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 expense/\$150,000 dependent business interruption		
7. Volunteer Medical Accident					
	None	\$5,000	\$5,000 medical expense and AD&D excess of any other collectable insurance	Self-insured	
8. Underground Storage Tank Liability					
	None	N/A	\$10,000, follows Illinois Leaking Underground Tank Fund	Self-insured	
9. Unemployment Compensation					
	N/A	N/A	Statutory	Member Funded	

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

As a member of PDRMA's Property/Casualty Program, the South Suburban Special Recreation 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 South Suburban Special Recreation Association and PDRMA is governed by a contract and by-laws that have been adopted by resolution of the South Suburban Special Recreation Association's governing body. The South Suburban Special Recreation 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 investigation 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.

**South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018**

NOTE 6 - RISK MANAGEMENT (CONTINUED)

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's balance sheet at December 31, 2017 and the statement of revenues and expenses for the period ending December 31, 2017. The South Suburban Special Recreation Association's portion of the overall equity of the pool is 0.096% or \$41,892.

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 Position	\$ 43,574,321
Revenues	\$ 23,353,271
Expenditures	\$ 17,402,060

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.

NOTE 7 - HEALTH INSURANCE

On September 1, 1999, South Suburban Special Recreation Association became a member of the Park District Risk Management Agency (PDRMA) Health Program, a health benefits pool of park districts, special recreation associations, and public service organizations through which medical, vision, dental, life and prescription drug coverages are provided in excess of specified limits for the members, acting as a single insurable unit. The pool purchases excess insurance covering single claims over \$250,000. Until January 1, 2001 the PDRMA Health Program was a separate legal entity formerly known as the Illinois Park Employees Health Network (IPEHN).

Members can choose to provide any combination of coverages available to their employees, and pay premiums accordingly.

As a member of the PDRMA Health Program, the South Suburban Special Recreation Association is represented on the Health Program Council as well as the Membership Assembly and is entitled to one vote on each. The relationship between the member agency and the PDRMA Health Program is governed by a contract and by-laws that have been adopted by resolution of each member's governing body. Members are contractually obligated to make all monthly payments to the PDRMA Health Program and to fund any deficit of the PDRMA Health Program upon dissolution of the pool. They will share in any surplus of the pool based on a decision by the Health Program Council.

**South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018**

NOTE 7 - HEALTH INSURANCE (CONTINUED)

The following represents a summary of PDRMA's Health Program's balance sheet at December 31, 2017 and the statement of revenues and expenses for the period ending December 31, 2017.

Assets	\$	21,149,057
Deferred Outflows of Resources - Pension	\$	427,851
Liabilities	\$	5,677,098
Deferred Inflows of Resources - Pension	\$	(5,600)
Total Net Position	\$	15,905,410
Revenues	\$	37,960,432
Expenditures	\$	36,867,147

A large percentage of PDRMA's liabilities are reserves for losses and loss adjustment expenses, which are based on an actuarial estimate of the ultimate losses incurred.

NOTE 8 – RESTRICTED AMOUNTS

Restricted amounts are available for the following purposes on the Statement of Net Position:

Early Childhood Programming	\$	3,500
Inclusion		5,000
Programs for Veterans		13,000
Transportation Services		<u>17,500</u>
Total Restricted Net Assets	\$	<u><u>39,000</u></u>

Unrestricted fund net position has been assigned by management for the following purposes:

Inclusion Services	\$	80,000
Building Maintenance and Repair		97,000
Vehicle Replacement		<u>100,000</u>
Total Assigned Net Position	\$	<u><u>277,000</u></u>

NOTE 9 - SUBSEQUENT EVENTS

The date to which events occurring after May 31, 2018, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is September 21, 2018, the date the financial statements were available to be issued.

**South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018**

NOTE 10 – PENSION COMMITMENT

Plan Description. The employer's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, your employer Regular plan members are required to contribute 4.50 percent 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. The employer annual required contribution rate for calendar year 2017 was 12.05 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for the plan year was \$81,273. The required contribution for the fiscal year was \$81,368. At May 31, 2018, the District reports an IMRF Plan Year Adjustment of \$34,050. This is shown as a deferred outflow on the Statement of Net Position to reflect required contributions made during the fiscal year ending May 31, 2018 for the calendar plan year ending December 31, 2017.

In accordance with GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – An amendment of GASB No. 27", the following information is provided:

**South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018**

NOTE 10 – PENSION COMMITMENT (CONTINUED)

Actuarial Valuation Date	December 31, 2017
Measurement Date of the Net Pension Liability	December 31, 2017
Fiscal Year End	May 31, 2018

Membership

Number of	
- Retirees and Beneficiaries	1
- Inactive, Non-Retired Members	4
- Active Members	13
- Total	<u>18</u>

Covered Valuation Payroll	<u>\$ 674,462</u>
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Net Pension Liability

Total Pension Liability/(Asset)	\$ 1,358,417
Plan Fiduciary Net Position	<u>1,083,632</u>

Net Pension Liability/(Asset)	<u>\$ 274,785</u>
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Plan Fiduciary Net Position as a Percentage of total Pension liability	79.77%
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Net Pension Liability as a Percentage of Covered Valuation Payroll	40.74%
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Development of the Single Discount Rate as of December 31, 2017

Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate	3.31%
Last year December 31 in the 2018 to 2117 projection period for which projected benefit payments are fully funded	2102
Resulting Single Discount Rate based on the above development	7.50%
Single Discount Rate Calculated using December 31, 2016 Measurement Date	7.50%

Total Pension Expense/(Income)	<u>\$ 67,243</u>
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Deferred Outflows and Deferred Inflows of Resources by Source
(to be recognized in Future Pension Expenses)

	Outflows of Resources	Inflows of Resources
1. Difference between expected and actual experience	\$ 9,072	\$ 0
2. Assumption Changes	0	33,740
3. Net Difference between projected and actual earnings on pension plan investments	<u>22,034</u>	<u>39,553</u>
4. Total	<u>\$ 31,106</u>	<u>\$ 73,293</u>

South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018

NOTE 10 – PENSION COMMITMENT (CONTINUED)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CURRENT PERIOD
Calendar Year Ended December 31, 2017

A. Total pension liability		
1. Service cost	\$	64,432
2. Interest on the total pension liability		95,199
3. Changes of benefit terms		0
4. Difference between expected and actual experience of the total pension liability		1,808
5. Changes of assumptions		(37,569)
6. Benefit payments, including refunds of employee contributions		(5,111)
7. Net change in total pension liability		118,759
8. Total pension liability – beginning		1,239,658
9. Total pension liability – ending	\$	<u>1,358,417</u>
B. Plan fiduciary net position		
1. Contributions – employer	\$	81,272
2. Contributions – employee		30,351
3. Net investment income		118,188
4. Benefit payments, including refunds of employee contributions		(5,111)
5. Other (net transfer)		(8,867)
6. Net change in plan fiduciary net position		215,833
7. Plan fiduciary net position – beginning		867,799
8. Plan fiduciary net position – ending	\$	<u>1,083,632</u>
C. Net pension liability/(asset)	\$	<u>274,785</u>
D. Plan fiduciary net position as a percentage of the total pension liability		79.77%
E. Covered Valuation Payroll	\$	674,462
F. Net pension liability as a percentage of covered valuation payroll		40.74%

South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018

NOTE 10 – PENSION COMMITMENT (CONTINUED)

DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES
BY YEAR TO BE RECOGNIZED IN FUTURE PENSION EXPENSES

Year Ending December 31	Net Deferred Outflows of Resources
2018	(2,157)
2019	(2,156)
2020	(11,384)
2021	(12,578)
2022	(2,689)
Thereafter	(11,223)
Total	<u>\$ (42,187)</u>

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE TOTAL PENSION LIABILITY

Methods and Assumptions Used to Determine Total Pension Liability and Contribution Rates:

Actuarial Cost Method	Entry-Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.39% to 14.25%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	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 was 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.

Other Information: There were no benefit changes during the year.

**South Suburban Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended May 31, 2018**

NOTE 10 – PENSION COMMITMENT (CONTINUED)

CALCULATION OF THE SINGLE DISCOUNT RATE

GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph.

The single discount rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31%; and the resulting single discount rate is 7.50%.

SENSITIVITY OF NET PENSION LIABILITY/(ASSET) TO THE
SINGLE DISCOUNT RATE ASSUMPTION

	1% Decrease 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 1,623,078	\$ 1,358,417	\$ 1,155,626
Plan Fiduciary Net Position	1,083,632	1,083,632	1,083,632
Net Pension Liability/(Asset)	<u>\$ 539,446</u>	<u>\$ 274,785</u>	<u>\$ 71,994</u>

South Suburban Special Recreation Association
IMRF Pension Disclosures
For The Year Ended May 31, 2018

In accordance with GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statements No. 27", the financial statements of employers also include required supplementary information showing the 10-year fiscal history of:

- Sources of changes in the net pension liability;
- Information about the components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability and the net pension liability as a percentage of covered-employee payroll, and
- Comparison of actual employer contributions to the actuarially determined contributions based on the plan's funding policy.

MULTIYEAR SCHEDULE OF CONTRIBUTIONS
Last 10 Plan Years

<u>Plan Year Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2017	\$ 81,273 *	\$ 81,272	\$ 1	\$ 674,462	12.05%
2016	84,146	84,145	1	652,797	12.89%
2015	81,181	81,181	0	628,819	12.91%

* Estimated based on contribution rate of 12.05% and covered valuation payroll of \$674,462.

**South Suburban Special Recreation Association
IMRF Pension Disclosures (Continued)
For The Year Ended May 31, 2018**

NOTES TO SCHEDULE OF CONTRIBUTIONS	
<u>Valuation Date:</u>	Actuarially determined contribution rates are calculated as of December 31st of each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.
<u>Methods and Assumptions Used to Determine 2017 Contribution Rates:</u>	
Actuarial Cost Method	Aggregate Entry-Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies : 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 26-year closed period.
	Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
	SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers (two employers were financed over 30 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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-2014 (base year 2012). 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-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
<u>Other Information:</u>	There were no benefit changes during the year.

South Suburban Special Recreation Association
IMRF Pension Disclosures (Continued)
For The Year Ended May 31, 2018

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Plan Years (When Available)

Plan Year Ending December 31,	2017	2016	2015
Total pension liability			
Service cost	64,432	62,808	60,202
Interest on the total pension liability	95,199	84,384	73,940
Changes of benefit terms	0	0	0
Difference between expected and actual experience of the total pension liability	1,808	1,289	8,904
Changes of assumptions	(37,569)	0	0
Benefit payments, including refunds of employee contributions	(5,111)	(5,084)	(5,091)
Net change in total pension liability	118,759	143,397	137,955
Total pension liability— beginning	1,239,658	1,096,261	958,306
Total pension liability – ending	<u>\$ 1,358,417</u>	<u>\$ 1,239,658</u>	<u>\$ 1,096,261</u>
Plan fiduciary net position			
Contributions – employer	\$ 81,272	\$ 84,145	\$ 81,181
Contributions – employee	30,351	29,376	28,297
Net investment income	118,188	51,340	3,310
Benefit payments, including refunds of employee contributions	(5,111)	(5,084)	(5,091)
Other (net transfer)	(8,867)	(3,873)	(5,509)
Net change in plan fiduciary net position	215,833	155,904	102,188
Plan fiduciary net position			
Beginning	867,799	711,895	609,707
Ending	<u>\$ 1,083,632</u>	<u>\$ 867,799</u>	<u>\$ 711,895</u>
Net pension liability/(asset)	<u>\$ 274,785</u>	<u>\$ 371,859</u>	<u>\$ 384,366</u>
Plan fiduciary net position as a percent of the total pension liability	79.77%	70.00%	64.94%
Covered Valuation Payroll	\$ 674,462	\$ 652,797	\$ 628,819
Net pension liability as a percent of covered valuation payroll	40.74%	56.96%	61.13%

South Suburban Special Recreation Association
Schedule of Revenues, Expenses and Changes in Fund Net Position
Budget and Actual
For The Year Ended May 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Administrative				
Member Contributions	\$ 971,019	\$ 971,019	\$ 968,402	\$ (2,617)
Program				
Program Fees	205,000	205,000	223,071	18,071
Grants and Contributions	73,000	73,000	73,123	123
Fundraising	17,000	17,000	15,042	(1,958)
Scholarships	12,500	12,500	15,674	3,174
TOTAL OPERATING REVENUES	<u>1,278,519</u>	<u>1,278,519</u>	<u>1,295,312</u>	<u>16,793</u>
OPERATING EXPENSES				
Current				
Administration				
Personnel Services	504,413	504,413	499,727	4,686
Supplies	13,000	13,000	11,964	1,036
Other Services and Charges	127,152	127,152	147,564	(20,412)
Program				
Personnel Services	778,171	778,171	710,226	67,945
Supplies	85,498	85,498	72,082	13,416
Other Services and Charges	187,969	187,969	158,903	29,066
TOTAL OPERATING EXPENSES	<u>1,696,203</u>	<u>1,696,203</u>	<u>1,600,466</u>	<u>95,737</u>
OPERATING LOSS	<u>(417,684)</u>	<u>(417,684)</u>	<u>(305,154)</u>	<u>112,530</u>
NON OPERATING INCOME (EXPENSE)				
Interest on Investments	2,700	2,700	4,282	1,582
Gain on Sale of Vehicle	0	0	12,000	12,000
Capital Outlay	(112,700)	(112,700)	(70,942)	41,758
TOTAL NON OPERATING INCOME (EXPENSE)	<u>(110,000)</u>	<u>(110,000)</u>	<u>(54,660)</u>	<u>55,340</u>
CHANGE IN FUND NET POSITION	<u>\$ (527,684)</u>	<u>\$ (527,684)</u>	<u>(359,814)</u>	<u>\$ 167,870</u>
FUND NET POSITION, BEGINNING OF YEAR			<u>1,228,249</u>	
END OF YEAR			<u>\$ 868,435</u>	

**South Suburban Special Recreation Association
Schedule of Expenses - Budget and Actual
For The Year Ended May 31, 2018**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
OPERATING EXPENSES				
Administrative				
Personnel Services				
Administrative Salaries	\$ 362,212	\$ 362,212	\$ 363,980	\$ (1,768)
Health Insurance	71,689	71,689	70,710	979
Pension	42,803	42,803	42,338	465
Social Security	22,457	22,457	18,396	4,061
Medicare	5,252	5,252	4,303	949
Total Personnel Services	504,413	504,413	499,727	4,686
Supplies				
Promotional	2,200	2,200	1,572	628
Cleaning and Household	1,300	1,300	1,100	200
Office Supplies	9,500	9,500	9,292	208
Total Supplies	13,000	13,000	11,964	1,036
Other Services and Charges				
Dues and Subscriptions	3,775	3,775	3,853	(78)
Conference and Training	7,300	7,300	8,924	(1,624)
Mileage Reimbursements	1,500	1,500	925	575
Copy and Binding	500	500	0	500
Postage and Delivery	6,050	6,050	5,280	770
Consultant Fees	31,633	31,633	61,857	(30,224)
Telephone	5,500	5,500	4,504	996
Contingency	1,500	1,500	1,013	487
Insurance and Risk Management	29,844	29,844	27,818	2,026
Office Machinery Service	5,200	5,200	2,845	2,355
Utilities	20,550	20,550	20,207	343
Service Charges	5,100	5,100	3,607	1,493
Fundraising	8,700	8,700	6,731	1,969
Total Other Services and Charges	\$ 127,152	\$ 127,152	\$ 147,564	\$ (20,412)

**South Suburban Special Recreation Association
Schedule of Expenses - Budget and Actual (Continued)
For The Year Ended May 31, 2018**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
OPERATING EXPENSES (CONTINUED)				
Program Expenses				
Personnel Services				
Program Salaries	\$ 606,221	\$ 606,221	\$ 541,600	\$ 64,621
Temporary Help	27,087	27,087	16,166	10,921
Health Insurance	60,420	60,420	68,065	(7,645)
Pension	38,067	38,067	37,579	488
Social Security	37,586	37,586	37,935	(349)
Medicare	8,790	8,790	8,881	(91)
Total Personnel Services	778,171	778,171	710,226	67,945
Supplies				
Recreation Supplies	14,454	14,454	9,728	4,726
Clothing	8,529	8,529	7,872	657
Promotional	11,040	11,040	11,061	(21)
Food	49,100	49,100	42,531	6,569
Recreation Equipment	2,375	2,375	890	1,485
Total Supplies	85,498	85,498	72,082	13,416
Other Service and Charges				
Transportation	35,263	35,263	22,885	12,378
Rentals-Special Facilities	15,540	15,540	12,456	3,084
Admissions	51,000	51,000	54,542	(3,542)
Dues and Subscriptions	3,224	3,224	2,229	995
Conference and Training	8,210	8,210	4,861	3,349
Mileage Reimbursements	5,000	5,000	4,714	286
Copy and Binding	21,790	21,790	18,206	3,584
Postage and Delivery	5,500	5,500	3,712	1,788
Scholarships	36,488	36,488	29,955	6,533
Telephone	5,954	5,954	5,343	611
Total Other Services and Charges	187,969	187,969	158,903	29,066
TOTAL OPERATING EXPENSES	\$ 1,696,203	\$ 1,696,203	\$ 1,600,466	\$ 95,737