

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

Selden Fox
Accounting for your future

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Annual Financial Report

For the Year Ended December 31, 2023

Northwest Special Recreation Association, Illinois
Annual Financial Report
December 31, 2023

Table of Contents

	Page
FINANCIAL SECTION	
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11 - 12
Statement of Activities	13 - 14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	17
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	18
Notes to the Financial Statements	19 - 53
Required Supplementary Information:	
Multiyear Schedule of Contributions - Illinois Municipal Retirement Fund	54
Multiyear Schedule of Changes in Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund	55 - 56
Multiyear Schedule of Changes in the Employer's Total OPEB Liability - Retiree Benefit Plan	57 - 58
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	59
Other Supplementary Information:	
Schedule of Expenditures - Budget and Actual	60 - 61

Selden Fox
Accounting for your future

One Parkview Plaza, Suite 710 | Oakbrook Terrace, IL 60181 | www.seldenfox.com
p 630.954.1400 | f 630.954.1327 | email@seldenfox.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northwest Special Recreation Association
Rolling Meadows, Illinois

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit and major fund of **Northwest Special Recreation Association, Illinois**, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit and major fund of Northwest Special Recreation Association, Illinois, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

A member of mgiworldwide

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4-10) and required supplementary information, as listed in the table of contents (pages 54-59) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's basic financial statements. The schedule of expenditures - budget and actual (pages 60-61) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Selden Fox, Ltd.

July 26, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
DECEMBER 31, 2023

Our discussion and analysis of the Northwest Special Recreation Association's ("Association") financial performance provides an overview of the Association's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the financial statements which can be found in the basic financial statements section of this report.

Financial Highlights

- The Association's net position decreased as a result of this year's operations by $543,018 or 8.2 percent.
- During the year, government-wide revenues totaled $6,158,252, while expenses totaled $6,701,270, resulting in the decrease to net position of $543,018.
- The Association's net position totaled $6,152,036 at December 31, 2023, which included $3,440,435 unrestricted net position that may be used to meet the ongoing obligations to participants and creditors.
- At the fund level, a deficit was reported this year of $839,851, resulting in an ending fund balance of $3,124,664, a decrease of 21.2 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 provide information about the activities of the Association as a whole and present a longer-term view of the Association's finances. 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 manner similar to a private-sector business.

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.

Government-wide Financial Statements (cont'd)

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.

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.

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 $6,143,649.

Statement of Net Position
Governmental Activities

	December 31, 2023	December 31, 2022
Assets		
Current and other assets	$ 3,967,907	$ 7,229,381
Capital assets	3,015,290	2,596,275
Total assets	6,983,197	9,825,656
Deferred Outflows	1,162,366	306,439
Total Assets/Deferred Outflows	8,145,563	10,132,095
Long-Term Liabilities	1,171,939	500,531
Other Liabilities	671,763	1,066,844
Total Liabilities	1,843,702	1,567,375
Deferred Inflows	149,825	1,917,253
Total Liabilities/Deferred Inflows	1,993,527	3,484,628
Net position		
Investment in capital assets	2,711,601	2,582,391
Unrestricted	3,440,435	4,065,076
Total net position	$ 6,152,036	$ 6,647,467

Included within other liabilities at December 31, 2022, is $437,537 due to the Internal Revenue Service for unpaid payroll taxes, including estimated penalties and interest. A portion of the Association's net position, $2,711,601 or 44.1 percent, reflects its investment in capital assets (for example, construction in progress, building, building improvements, parking lot, furniture and equipment, and vehicles). The Association uses these capital assets to provide services to program participants; consequently, these assets are not available for future spending.

The remaining 55.9 percent, or $3,440,435, represents unrestricted net position and may be used to meet the Association's ongoing obligations to program participants and creditors.

Government-wide Financial Analysis (cont'd)

Changes in Net Assets
Governmental Activities
For the Year Ended December 31,

	2023	2022
Revenues:		
Program revenues:		
Charges for services	**$ 1,199,976**	$ 883,858
Operating grants and contributions	**399,511**	70,255
Capital grants and contributions	**45,000**	717,186
General revenues:		
Member contributions	**4,320,307**	3,456,246
Interest income	**147,651**	62,988
Miscellaneous	**45,807**	-
Total revenues	**6,158,252**	5,190,533
Expenses:		
Special recreation	**6,692,189**	5,400,668
Interest	**9,081**	4,981
Total expenses	**6,701,270**	5,405,649
Decrease in net position	**(543,018)**	(215,116)
Net position, beginning of year, as previously reported	**6,647,467**	
Restatement of beginning net position	**47,587**	6,862,583
Net position, end of year	**$ 6,152,036**	$ 6,647,467

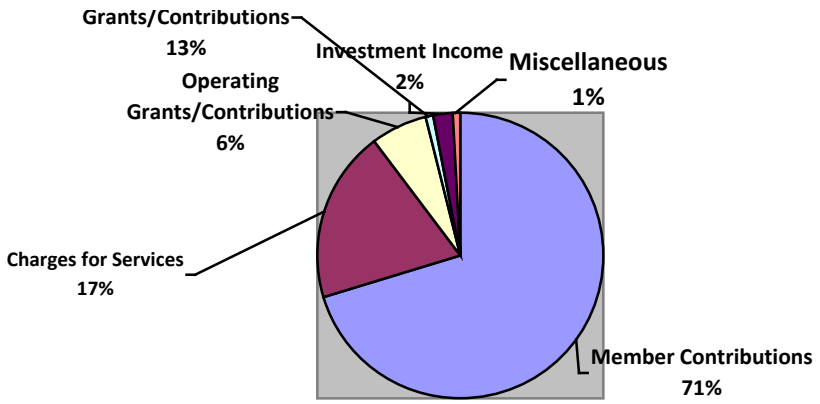
Net position of the Association decreased by 7.5 percent ($6,647,467 in 2022 compared to $6,152,036 in 2023). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled $3,462,904 at December 31, 2023.

Revenues for 2023 totaled $6,158,252, while the cost of all programs and interest totaled $6,701,270, resulting in a deficit of $543,018. Revenues for 2022 totaled $5,190,533, while the cost of all programs and interest totaled $5,405,649. This results in a deficit of $215,116. The Association reported increases in all revenue categories except capital grants and contributions. The increase in member contributions was due to an approved rebate of member contributions in the prior year. Investment income for the year was significantly higher from last year by $84,663. Miscellaneous income represents the reversal of an accrual recorded in the prior year for potential penalties and interest on past due payroll taxes for which the Association received an abatement in the current year.

Government-wide Financial Analysis (cont'd)

Expenses for the 2023 fiscal year increased $1,295,621, due to returning to more normal programs and services, resulting in a need for more staff. In addition, inflationary pressures also caused expenses to rise.

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 $3,124,664 which is $839,851, or 21.2 percent, lower than last year's total of $3,964,515. Of the $3,124,664 total, $196,986, or approximately 6.3 percent, of the fund balance constitutes unassigned fund balance.

The Association reported a negative change in fund balance for the year of $839,851. Revenues of $5,908,253 increased from the prior year total of $4,504,431, due to rebates paid to members of $864,061 deducted from member contribution revenue in the prior year. Expenditures of $6,749,539 increased from the prior year total of $6,607,637 by 2.1% due to the return to more normal programs and services as more participants are returning to programs post COVID. These numbers are further outlined on the Schedule of Revenues, Expenditures and Changes in Fund Balance.

BUDGETARY HIGHLIGHTS

The Association did not make any amendments to the budget during the year. Actual revenues for the year totaled $5,908,253, compared to budgeted revenues of $5,685,153. Program revenue was over budget by $232,934, as more participants are returning to programs post COVID. Grants and contributions came in under budgeted amounts by $103,292. Interest income exceeded the budgeted amount of $100,000 by $47,651.

Actual expenditures for the year were $190,853 higher than budgeted ($6,749,539 actual compared to $6,558,686 budgeted as salaries and inclusion services exceeded budget by $470,570 and $74,418 respectively. Part time salaries of $923,723 exceeded budget by $340,513. Inclusion salaries exceeded budget by $223,631. In 2022, full-time staff were also filling part-time roles, but as operations return from COVID, the Association started hiring back part-time staff and using a temporary service to support open part-time positions.

CAPITAL ASSETS

The Association's investment in capital assets as of December 31, 2023, was $2,899,721 (net of accumulated depreciation). This investment in capital assets includes construction in progress, building, building improvements, parking lot, furniture and equipment, and vehicles.

Capital Assets (Net of Depreciation)

	2023	2022
Construction in progress	$ -	$ -
Building	584,318	604,438
Building improvements	1,184,582	1,178,733
Parking lot	12,404	15,991
Furniture and equipment	374,474	390,080
Vehicles	581,118	429,068
Right of use assets	278,394	283,876
Capital assets, net	$ 3,015,290	$ 2,902,186

The Association had the following capital asset additions for the year

Capital Asset Additions

Building improvements	$ 121,868
Furniture and equipment	65,649
Vehicles	234,598
Right of use assets	37,774
Capital assets, net	$ 459,889

Economic Factors and Next Year's Budget

The Association is always cognizant of taxpayer dollars and presented a balanced budget in FY2024. However, the new FLSA laws that become effective on July 1, 2024 and the Paid for all Leave Workers Act will increase our salary line items due to these laws taking effect after our budget was approved. This headwind could potentially create an adverse impact to our net asset position.

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, 3000 W Central Road, Rolling Meadows, IL 60008.

BASIC FINANCIAL STATEMENTS

Northwest Special Recreation Association, Illinois
Statement of Net Position
December 31, 2023

	Governmental Activities	Component Unit Special Leisure Services Foundation
Assets		
Current assets:		
Cash and investments	$ 3,660,525	$ 1,472,774
Receivables - net of allowances	271,139	-
Prepaids	36,243	8,265
Total current assets	3,967,907	1,481,039
Noncurrent assets:		
Depreciable capital assets	5,297,152	-
Right of use assets	343,685	-
Accumulated depreciation/amortization	(2,625,547)	-
Total noncurrent assets	3,015,290	-
Total assets	6,983,197	1,481,039
Deferred Outflows of Resources		
Deferred items - IMRF	1,162,366	-
Total assets and deferred outflows of resources	$ 8,145,563	$ 1,481,039

See accompanying notes to the financial statements.

	Governmental Activities	Component Unit Special Leisure Services Foundation
Liabilities		
Current liabilities:		
Accounts payable	$ 43,366	$ 6,250
Accrued payroll	78,080	-
Accrued payroll tax liability	14,374	-
Deferred revenue	457,423	18,959
Compensated absences - current	19,916	-
Note payable - current	11,571	-
Lease liabilities - current	47,033	-
Total current liabilities	671,763	25,209
Noncurrent liabilities:		
Compensated absences	76,081	-
Note payable - noncurrent	16,992	-
Lease liabilities - noncurrent	228,093	-
Net pension liability - IMRF	604,384	-
Total OPEB liability - RBP	246,389	-
Total noncurrent liabilities	1,171,939	-
Total liabilities	1,843,702	25,209
Deferred Inflows of Resources		
Deferred items - IMRF	149,825	-
Total liabilities and deferred inflows of resources	$ 1,993,527	$ 25,209
Net Position		
Investment in capital assets	$ 2,711,601	$ -
Restricted - Foundation	-	82,586
Unrestricted	3,440,435	1,373,244
Total net position	$ 6,152,036	$ 1,455,830

Northwest Special Recreation Association, Illinois
Statement of Activities
For the Year Ended December 31, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants/ Contributions	Program Revenues: Capital Grants/ Contributions
Governmental activities:				
Special recreation	$ 6,692,189	$ 1,199,976	$ 399,511	$ 45,000
Interest expense	9,081	-	-	-
	6,701,270	1,199,976	399,511	45,000
Component unit:				
Special Leisure Services Foundation	1,058,208	359,706	770,052	-
General revenues:				
Member contributions				
Interest and dividends				
Unrealized gain				
Forgiveness of IRS penalties				
Change in net position				
Net position - beginning of the year, as previously reported				
Prior period restatement				
Net position - beginning of the year, as restated				
Net position - ending				

See accompanying notes to the financial statements.

Net (Expenses) Revenue	Component Unit Special Leisure Services Foundation
$ (5,047,702)	$ -
(9,081)	-
(5,056,783)	-
-	71,550
4,320,307	-
147,651	46,052
-	116,902
45,807	-
(543,018)	234,504
6,647,467	1,221,326
47,587	
6,695,054	1,221,326
$ 6,152,036	$ 1,455,830

Northwest Special Recreation Association, Illinois
Balance Sheet - Governmental Fund
December 31, 2023

Assets		
Cash and investments	$	3,660,525
Receivables - net of allowances:		
Scholarships		21,139
Grants		250,000
Prepaids		36,243
Total assets	$	3,967,907
Liabilities		
Accounts payable	$	43,366
Accrued payroll		78,080
Accrued payroll tax liability		14,374
Deferred grant revenue		250,000
Deferred revenue		457,423
Total liabilities		843,243
Fund Balances		
Nonspendable		36,243
Committed		1,238,594
Assigned		1,652,841
Unassigned		196,986
Total fund balances		3,124,664
Total liabilities and fund balances	$	3,967,907

See accompanying notes to the financial statements.

Northwest Special Recreation Association, Illinois
Reconciliation of Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities
December 31, 2023

Total governmental fund balances	$	3,124,664
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.		2,671,605
Right of use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		343,685
Revenue that is earned but not available is not recognized as as revenue in the fund financial statements		250,000
Deferred outflows (inflows) of resources related to the pensions not reported in the funds:		
Deferred items - IMRF		1,012,541
Long-term liabilities (assets) are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(95,997)
Note payable		(28,563)
Lease liabilities		(275,126)
Net pension liability - IMRF		(604,384)
Total OPEB liability		(246,389)
Net position of governmental activities	$	6,152,036

See accompanying notes to the financial statements.

Northwest Special Recreation Association, Illinois
Statement of Revenues, Expenditures and Changes in
Fund Balance - Governmental Fund
For the Year Ended December 31, 2023

Revenues:	
Member contributions	$ 4,320,308
Program	1,199,976
Grants and contributions	194,511
Interest income	147,651
Miscellaneous	45,807
Total revenues	5,908,253
Expenditures:	
Special Recreation:	
Administration	1,058,738
Program	645,108
Salary	3,920,896
Liability/audit /IMRF	484,539
ADA compliance	103,246
Debt service:	
Principal	11,233
Interest	1,030
Capital outlay	524,749
Total expenditures	6,749,539
Revenues under expenditures before other financing sources	(841,286)
Other financing sources - proceeds from sale of capital assets	1,435
Net change in fund balance	(839,851)
Fund balance - beginning	3,964,515
Fund balance - ending	$ 3,124,664

See accompanying notes to the financial statements.

Northwest Special Recreation Association, Illinois
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023

Net change in fund balance - total governmental funds	$	(839,851)
Amounts reported for governmental activities in the Statement of 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.		
Capital outlay		422,116
Depreciation expense		(351,117)
Amortization expense		(43,256)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		250,000
Deferred outflows (inflows) of resources related to pensions are not reported in the funds.		
Change in deferred items - IMRF		2,623,355
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the government-wide financial statements.		53,880
Governmental funds report expenses as measured by what is actually used. However, in the statement of activities, expenses are reported when incurred.		
Change in compensated absences		(896)
Change in net pension asset - IMRF		(2,591,596)
Change in total OPEB liability - RBP		(65,653)
Change in net position of governmental activities	$	(543,018)

See accompanying notes to the financial statements.

I. Summary of Significant Accounting Policies

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.

A. 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.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described in GASB Statement No. 61 but do not meet the criteria for blending.

- The Special Leisure Services Foundation (the Foundation) is being reported as a discretely presented component unit of the Association as it is legally separate from the Association. The Foundation is included within the reporting entity since the Association has the ability to otherwise access the resources of the Foundation which are entirely held for the benefit of the Association, and the resources held by the Foundation are significant to the Association. Separate financial statements of the Foundation are available by contacting the Administrative Office of the Northwest Special Recreation Association, 3000 W. Central Road, Rolling Meadows, IL 60008.

B. 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.

I. **Summary of Significant Accounting Policies** (cont'd)

B. **Basis of Presentation** (cont'd)

Government-Wide Statements (cont'd)

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 and capital grants. Program revenues must be directly associated with the special recreation function. Operating grants/contributions include operating-specific grants. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-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.

C. **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.

I. **Summary of Significant Accounting Policies** (cont'd)

C. **Measurement Focus and Basis of Accounting** (cont'd)

Measurement Focus (cont'd)

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.

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.

D. **Assets/Deferred Outflows, Liabilities/Deferred Inflows, and Net Position or Equity**

Cash and Investments – 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.

I. **Summary of Significant Accounting Policies** (cont'd)

D. **Assets/Deferred Outflows, Liabilities/Deferred Inflows, and Net Position or Equity** (cont'd)

Receivables – In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include member contributions, program fees, and grants.

Prepaids – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepaids are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets purchased or acquired with an original cost of more than $500, depending on asset class, 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:

Building	50 years
Building Improvements	20 - 50 years
Parking Lot	20 years
Furniture and Equipment	5 to 20 years
Vehicles	8 to 15 years

I. **Summary of Significant Accounting Policies** (cont'd)

D. **Assets/Deferred Outflows, Liabilities/Deferred Inflows, and Net Position or Equity** (cont'd)

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.

Compensated Absences – The Association accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as "terminal leave" prior to retirement.

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, because of employee resignations and retirements.

It is the Association's policy to permit employees to accumulate earned but unused vacation for an unlimited number of years. The maximum amount of days that can be accrued is the equivalent of one year's vacation credit. Upon termination, an employee shall be paid for unused vacation time.

Long-Term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

I. **Summary of Significant Accounting Policies** (cont'd)

D. **Assets/Deferred Outflows, Liabilities/Deferred Inflows, and Net Position or Equity** (cont'd)

Net Position (cont'd)

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."

II. **Stewardship, Compliance and Accountability**

A. **Budgetary Information**

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

The Association Director submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

The budget is legally enacted by the Board of Directors.

The budget may be amended by the Board of Directors. One supplemental appropriation was made during the fiscal year.

III. Detail Notes on the Association

A. 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, Custodial Credit Risk, Concentration Risk, and Credit Risk

At year-end, the carrying amount of the Association's deposits totaled $1,436,622 and the bank balances totaled $1,583,572. Cash on hand totaled $500.

Additionally, at year-end, the Association has $1,017,403 held in two Illinois Park District Liquid Asset Fund money market accounts, which has an average maturity of less than one year. The Association also holds eight certificates of deposit through the Illinois Park District Liquid Asset Fund, with fair values ranging from $100,000 to $236,000, totaling $1,206,000 at December 31, 2023, included within cash and investments on the statement of net position.

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's investment policy states that the investment portfolio shall maintain the necessary liquidity to enable the Association to meet all operating requirements and liabilities that may be reasonably anticipated. 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.

III. **Detail Notes on the Association** (cont'd)

A. **Deposits and Investments** (cont'd)

Interest Rate Risk, Custodial Credit Risk, Concentration Risk, and Credit Risk (cont'd)

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'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. At December 31, 2023, the entire 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. The Association's investment policy does not address custodial credit risk for investments. At December 31, 2023, the Association's investment in the Illinois Park District Liquid Asset Fund was not subject to custodial credit risk.

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's investment policy states the practice is to invest in a diversified manner and not have undue concentrations in any single investment. At year-end, the Association does not have any investments over 5 percent of the total 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).

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Association limits its exposure to credit risk by primarily investing in obligations guaranteed by the U.S. Government or securities issued by agencies of the U.S. Government that are explicitly or implicitly guaranteed by the U.S. Government. The Association's investment in the Illinois Park District Liquid Asset Fund is rated AAAm by Standard and Poor's.

III. **Detail Notes on the Association** (cont'd)

B. **Capital Assets**

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance January 1, 2023 Restated	Additions	Disposals	**Balance December 31, 2023**
Governmental Activities				
Capital assets, not being depreciated:				
Construction in progress	$ -	$ -	$ -	**$ -**
Total capital assets not being depreciated	-	-	-	**-**
Capital assets, being depreciated:				
Building	$ 1,006,000	$ -	$ -	**$ 1,006,000**
Building improvements	1,411,312	121,868	-	**1,533,180**
Parking lot	71,730	-	-	**71,730**
Furniture and equipment	803,124	65,649	-	**868,773**
Vehicles	1,630,789	234,598	47,918	**1,817,469**
Right of use assets	305,911	37,774	-	**343,685**
Total capital assets being depreciated	5,228,866	459,889	47,918	**5,640,837**
Less accumulated depreciation for:				
Building	401,562	20,120	-	**421,682**
Building improvements	232,579	116,019	-	**348,598**
Parking lot	55,739	3,587	-	**59,326**
Furniture and equipment	413,044	81,255	-	**494,299**
Vehicles	1,154,133	130.136	47,918	**1,236,351**
Right of use assets	22,035	43,256	-	**65,291**
Total accumulated depreciation/ amortization	2,279,092	394,373	47,918	**2,625,547**
Total capital assets being depreciated, net	2,949,774	65,516	-	**3,015,290**
Governmental activities' capital assets, net	$ 2,949,774	$ 65,516	$ -	**$ 3,015,290**

Depreciation and amortization of $394,373 was charged to the Special Recreation function.

III. **Detail Notes on the Association** (cont'd)

C. **Long-Term Liability**

Long-Term Liability Activity

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

	Beginning Balances	Additions	Reductions	**Ending Balances**	Due Within One Year
Compensated absences	$ 95,101	$ 69,197	$ (68,301)	**$ 95,997**	$ 19,916
Note payable	39,796	-	(11,233)	**28,563**	11,571
Lease liabilities	279,999	37,774	(42,647)	**275,126**	47,033
Net pension liability/(asset)	(1,987,212)	2,591,596	-	**604,384**	-
Total OPEB liability	180,736	65,653	-	**246,389**	-
	$ (1,391,580)	$ 2,764,220	$ (117,234)	**$ 1,250,459**	$ 78,520

The above long-term liabilities are liquidated by the General Fund.

The Association entered into a note payable for the purchase of computer equipment dated April 14, 2022. The note requires an initial payment of $1,122, and 47 monthly payments of $1,022, including interest at 2.97%. The Association paid principal and interest of $11,233 and $1,030, respectively, in 2023. Future principal and interest payments at December 31, 2023, are as follows:

	Principal	Interest
2024	$ 11,571	$ 692
2025	11,920	343
2026	5,072	38
	$ 28,563	$ 1,073

Lease agreements are summarized as follows:

Description	Balance 12/31/22	Additions	Payments	Balance 12/31/23
Vogeli House	$ 253,891	$ -	$ 22,851	$ 231,040
Copier	26,108	-	14,849	11,259
Phone system	-	37,774	4,947	32,827
	$ 279,999	$ 37,774	$ 42,647	$ 275,126

III. **Detail Notes on the Association** (cont'd)

C. **Long-Term Liability** (cont'd)

The Vogeli House lease requires semiannual payments of $15,000 through January 1, 2027, and semiannual payments of $15,750 commencing July 1, 2027 through January 1, 2032, including interest at an imputed rate of 2.88%. The copier lease requires monthly payments of $1,257 through September 2024, including interest at an imputed rate of 1.21%. The phone system lease requires monthly payments of $1,124 through June 2026, including interest as an imputed rate of 4.49%. Future principal and interest payments on the lease liabilities are as follows:

	Principal	Interest
2024	$ 47,033	$ 7,198
2025	37,016	5,920
2026	32,646	5,102
2027	26,370	4,380
2028	27,896	3,604
2029	28,705	2,795
2030	29,538	1,962
2031	30,395	1,105
2032	15,527	223
	$ 275,126	$ 32,288

D. **Fund Balance Classifications**

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

Prepaids	$ 36,243
Committed for capital improvements	1,238,594
Assigned for general reserves	1,652,841
Unassigned	188,599
	$ 3,116,277

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 assigned, then committed and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

III. **Detail Notes on the Association** (cont'd)

D. **Fund Balance Classifications** (cont'd)

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 assigned fund balance should represent 40% of annual expenses and committed fund balance should represent the amount needed to fund the approved Capital Improvement Plan (CIP) as well as, any approved transfers by the Board of Directors for future capital beyond the current CIP plan.

E. **Net Position Classifications**

Investment in capital assets was comprised of the following as of December 31, 2023:

Governmental Activities	
Capital Assets - Net of Related Debt	$ 2,711,601

IV. Other Information

A. Member Contributions

Contributions received from members during the 2023 fiscal year were:

Member Park District	Original Budget	Net Contribution
Arlington Heights	$ 566,083	$ 566,083
Bartlett	236,954	236,954
Buffalo Grove	310,784	310,784
Elk Grove	330,486	330,486
Hanover Park	152,188	152,188
Hoffman Estates	310,873	310,873
Inverness	37,854	37,854
Mt. Prospect	363,308	363,308
Palatine	475,373	475,373
Prospect Heights	77,491	77,491
River Trails	107,365	107,365
Rolling Meadows	142,364	142,364
Salt Creek	38,350	38,350
Schaumburg	680,517	680,517
South Barrington	72,582	72,582
Streamwood	177,207	177,207
Wheeling	240,528	240,528
	$ 4,320,307	$ 4,320,307

B. 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 July 1, 1985, 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.

IV. **Other Information** (cont'd)

B. **Risk Management** (cont'd)

Park District Risk Management Agency (PDRMA) (cont'd)

The following table is a summary of the coverage in effect for the period January 1, 2023 through January 1, 2024:

Coverage	Member Deductible	PDRMA Self-insured Retention	Limits
Property			
- All losses per occurrence	$ 1,000	$ 1,000,000	$1,000,000,000 all members Declaration 11
- Flood/except Zones A&V	$ 1,000	$ 1,000,000	$100,000,000/occurrence/ annual aggregate
- Flood, Zones A&V	$ 1,000	$ 1,000,000	$50,000,000/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
Tax Revenue Interruption	$ 1,000	$ 1,000,000	$3,000,000/reported values $1,000,000/non-reported values
Business interruption, rental income	$ 1,000		$100,000,000/reported values,$500,000/$2,500,000/ nonreported values
Off Premises Service Interruption	24 hours	N/A	$25,000,000 Other sublimits apply – refer to coverage document

IV. **Other Information** (cont'd)

B. **Risk Management** (cont'd)

Park District Risk Management Agency (PDRMA) (cont'd)

Coverage	Member Deductible	PDRMA Self-insured Retention	Limits
Boiler and machinery, property damage	$ 1,000	$ 9,000	$100,000,000 equipment breakdown – Property damage included
Business income	48 hours	N/A	Included – other sublimits apply–refer to coverage document
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	N/A	$ 500,000	Statutory
- Employer's liability		$ 500,000	$3,500,000 employer's 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 motorist	None	$ 500,000	$1,000,000/occurrence
-Communicable disease	$1,000/$5,000	$5,000,000	$250,000/claim/aggregate; $5,000,000 aggregate all members
Pollution liability – liability, third party	None	$ 25,000	$5,000,000/occurrence
Pollution liability – property, first party	$ 1,000	$ 24,000	$30,000,000 3 yr. aggregate

IV. **Other Information** (cont'd)

B. **Risk Management** (cont'd)

Park District Risk Management Agency (PDRMA) (cont'd)

Coverage	Member Deductible	PDRMA Self-insured Retention	Limits
Outbreak expense			$1 million aggregate policy limit
- Outbreak suspension	24 hours	N/A	$5,000/$25,000/all day locations $150,000/$500,000 aggregate
- Workplace violence Suspension	24 hours	N/A	$15,000/day all locations 5 day maximum
- Fungus suspension	24 hours	N/A	$15,000/day all locations 5 day maximum
Information security and privacy insurance with electronic media liability coverage			
- Breach response	$ 1,000	$ 50,000	$500,000/occurrence/ annual aggregate
- Business interruption due to Security Breach	8 hours	$ 50,000	$750,000/occurrence/ annual aggregate
- Business interruption due to system failure	8 hours	$ 50,000	$500,000/occurrence/ annual aggregate
- Dependent business loss due to security breach	8 hours	$ 50,000	$750,000/occurrence/annual aggregate
- Liability	$ 1,000	$ 50,000	$2,000,000/occurrence/annual aggregate
- eCrime	$ 1,000	$ 50,000	$75,000/occurrence/annual aggregate
- Criminal reward	$ 1,000	$ 50,000	$25,000/occurrence/annual aggregate
Deadly weapon response			
- Liability	$ 1,000	$ 9,000	$500,000 per occ/$2,500,000 annual agg. for all members
- First party property	$ 1,000	$ 9,000	$250,000 per occ. as part of overall limit

IV. **Other Information** (cont'd)

B. **Risk Management** (cont'd)

Park District Risk Management Agency (PDRMA) (cont'd)

Coverage	Member Deductible	PDRMA Self-insured Retention	Limits
Deadly weapon response (cont'd)			
- Crisis mgmt. services	$ 1,000	$ 9,000	$250,000 per occ as part of overall limit
- Counseling/funeral expenses	$ 1,000	$ 9,000	$250,000 per occ. as part of overall limit
- Medical expenses	$ 1,000	$ 9,000	$25,000 per person/$500,000 annual agg. as part of overall limit
- AD&D	$ 1,000	$ 9,000	$50,000 per person/$500,000 annual agg as part of overall limit
Volunteer medical accident	None	$ 5,000	$5,000 medical expense excess of any other collectible insurance
Underground storage tank liability	None	N/A	$10,000, follows Illinois Leaking Underground Tank Fund
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.

IV. **Other Information** (cont'd)

B. **Risk Management** (cont'd)

Park District Risk Management Agency (PDRMA) (cont'd)

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, 2022, and the statement of revenues and expenses for the period ending December 31, 2022:

Assets	$66,570,393
Deferred Outflows of Resources – Pension	787,406
Liabilities	20,949,149
Deferred Inflows of Resources – Pension	2,223,803
Total Net Pension	44,184,847
Operating Revenues	17,464,224
Nonoperating Revenues	(6,820,223)
Expenditures	23,554,952

The Association's portion of the overall equity in the pool is 0.607% or $268,206.

Since 97.22% 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 Net Position is impacted annually as more recent loss information becomes available.

IV. **Other Information** (cont'd)

B. **Risk Management** (cont'd)

Park District Risk Management Agency (PDRMA) Health Program

On August 1, 1992, the 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 $300,000. 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 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 PDRMA Health Program is governed by a contract and by-laws that have been adopted by a 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.

The following represents a summary of PDRMA's Health Program balance sheet at December 31, 2022, and the statement of revenues and expenses for the period ending December 31, 2022:

Assets	$28,231,130
Deferred Outflows of Resources – Pension	337,460
Liabilities	7,038,847
Deferred Inflows of Resources – Pension	953,058
Total Net Pension	20,576,685
Operating Revenues	33,472,368
Nonoperating Revenues	(3,618,182)
Expenditures	34,619,747

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.

IV. **Other Information** (cont'd)

C. **Contingent Liabilities**

Litigation – The Association is currently not involved in any lawsuits.

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.

D. **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).

IV. **Other Information** (cont'd)

D. **Employee Retirement System – Defined Benefit Pension Plan** (cont'd)

Illinois Municipal Retirement Fund (IMRF) (cont'd)

Plan Descriptions (cont'd)

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. The 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 – At December 31, 2022, the measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	30
Inactive, non-retired members	80
Active members	44
Total	154

IV. **Other Information** (cont'd)

D. **Employee Retirement System – Defined Benefit Pension Plan** (cont'd)

Illinois Municipal Retirement Fund (IMRF) (cont'd)

Plan Descriptions (cont'd)

Contributions – As set by statute, the Association's Regular Plan Members are required to contribute 4.50% 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 fiscal year ended December 31, 2023, the Association's contribution was 3.82% of covered payroll.

Net Pension (Asset) – The Association's net pension (asset) was measured as of December 31, 2022. The total pension liability used to calculate the net pension (asset) was determined by an actuarial valuation as of that date.

Actuarial Valuation and Assumptions – The actuarial assumptions used in the December 31, 2022, valuation were based on an actuarial experience study for the period January 1, 2017 – December 31, 2019, using the entry age normal actuarial cost method. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.85% to 13.75%
Investment rate of return	7.25%
Post-retirement benefit increase:	
Tier 1	3.0%-simple
Tier 2	lesser of 3.0%-simple or ½ increase in CPI

The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2022, was 21 years.

Mortality Rates – For non-disabled lives, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (Adjusted 105%) tables, and future mortality improvement projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

IV. **Other Information** (cont'd)

D. **Employee Retirement System – Defined Benefit Pension Plan** (cont'd)

Illinois Municipal Retirement Fund (IMRF) (cont'd)

Plan Descriptions (cont'd)

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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	35.5%	6.50%
International equities	18.0%	7.60%
Fixed income	25.5%	4.90%
Real estate	10.5%	6.20%
Alternatives:	9.5%	
Private equity		9.90%
Commodities		6.25%
Cash equivalents	1%	4.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same in the prior year. 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 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 periods of projected benefit payments to determine the total pension liability.

IV. **Other Information** (cont'd)

D. **Employee Retirement System – Defined Benefit Pension Plan** (cont'd)

Illinois Municipal Retirement Fund (IMRF) (cont'd)

Changes in Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balance at 12/31/21	$ 13,061,745	$ 15,048,957	$ (1,987,212)
Changes for the year:			
Service cost	180,034	-	180,034
Interest	934,138	-	934,138
Differences between expected and actual experience	(25,028)	-	(25,028)
Changes in assumptions	-	-	-
Contributions – employer	-	204,644	(204,644)
Contributions - employee	-	102,922	(102,922)
Net investment income	-	(1,791,594)	1,791,594
Benefit payments, including refunds of employee contributions	(534,194)	(534,194)	-
Other changes	-	(18,424)	18,424
Net changes	554,950	(2,036,646)	2,591,596
Balances at 12/31/22	$ 13,616,695	$ 13,012,311	$ 604,384

Discount Rate Sensitivity – The following presents the net pension liability (asset) of the Park District, calculated using the discount rate of 7.25%, as well as what the Park District's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension (asset) Liability	$ 2,120,352	$ 604,384	$ (508,474)

IV. **Other Information** (cont'd)

D. **Employee Retirement System – Defined Benefit Pension Plan** (cont'd)

Illinois Municipal Retirement Fund (IMRF) (cont'd)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued IMRF financial report.

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

For the year ended December 31, 2023, the Association recognized pension expense of $39,943. At December 31, 2023, 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 31,244	$ 117,815	$ (86,571)
Changes in assumptions	-	32,010	(32,010)
Net difference between projected and actual earnings in pension plan investments	1,037,240	-	1,037,240
Total expense to be recognized in future periods	1,068,484	149,825	918,659
Contributions subsequent to measurement date	93,882	-	93,882
Total deferred outflows (inflows) of resources	$ 1,162,366	$ 149,825	$ 1,012,541

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

Year Ending December 31,	Amount
2024	$ (130,751)
2025	142,989
2026	331,669
2027	574,752
	$ 918,659

IV. **Other Information** (cont'd)

E. **Other Post-Employment Benefits**

General Information about the OPEB Plan

Plan Description – The Association's defined benefit OPEB plan, Northwest Special Recreation Association's Retiree Benefit Plan (RBP), provides OPEB for all permanent full-time general employees of the Association. RBP is a single-employer defined benefit OPEB plan administered by the Association. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Association Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – Northwest Special Recreation Association offers medical, dental, vision, and life insurance coverage to retirees. Retirees pay the full cost of the premium. Coverage ends at age 65 for disabled employees or once retirees are eligible for Medicare.

Plan Membership – As of December 31, 2023, the measurement date, the following employees were covered by the benefit terms:

Total active employees	44
Inactive employees currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Total	44

Total OPEB Liability

The Association's total OPEB liability was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

IV. **Other Information** (cont'd)

E. **Other Post-Employment Benefits** (cont'd)

Total OPEB Liability (cont'd)

Actuarial Assumptions and Other Inputs (cont'd)

Inflation	2.25%
Salary Increases	2.50%
Discount Rate	3.26% (3.72% in prior year)
Healthcare Cost Trend Rates	The initial trend rate is based on the 2023 Segal Health Plan Cost Trend Survey. The grading period and ultimate trend rates selected fall within a generally accepted range.
Retirees' Share of Benefit-Related Costs	Same as Healthcare Cost Trend Rates

The discount rate was based on the Bond Buyer 20-Bond GO Index as of December 30, 2023.

Mortality rates were based on the PubG-2010(B) using MP-2020 Improvement Rates, weighted per IMRF Experience Study Report dated December 14, 2020; Age 83 for Males, Age 87 for Females.

IV. **Other Information** (cont'd)

E. **Other Post-Employment Benefits** (cont'd)

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2022	$ 180,736
Changes for the year:	
Service cost	46,539
Interest	6,723
Differences between expected and actual experience	-
Changes in assumptions	12,391
Benefit payments from trust	-
Net changes	65,653
Balances at December 31, 2023	**$ 246,389**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the Association, calculated using the discount rate of 3.26%, as well as what the Association's net OPEB liability would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Net OPEB Liability	$ 274,899	$ 246,389	$ 220,053

IV. **Other Information** (cont'd)

E. **Other Post-Employment Benefits** (cont'd)

Change in the Total OPEB Liability (cont'd)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates – The following presents the net OPEB liability of the Park District, as well as what the Park District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point higher or lower than the current rate:

	1% Decrease (Varies)	Current Discount Rate (Varies)	1% Increase (Varies)
Net OPEB Liability	$ 198,171	$ 246,389	$ 308,735

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Per GASB Statement No. 75, under the Alternative Measurement Method, changes in Total OPEB Liability are immediately recognized as expense, resulting in no deferred outflows of resources or deferred inflows of resources related to OPEB. For the year ended December 31, 2023, the Association recognized OPEB expense of $65,653.

F. **Accrued Payroll Tax Liability**

The Association's payroll tax payments were not being submitted correctly in 2022 due to errors within the accounting software, resulting in an underpayment of employer and employee payroll taxes of $207,424 and $169,933, respectively, as of December 31, 2022. In addition, the Association had accrued an additional $60,180 for estimated penalties and interest. In 2023, the Association repaid past due payroll taxes. Furthermore, a payment of penalties and interest totaling $22,760 was paid subsequent to year end. The Association then received reimbursements on the penalty and interest payment totaling $8,387. At December 31, 2023, the Association recognized miscellaneous income of $45,807 for the difference between the amount accrued for penalties and interest at December 31, 2022, and the net amount ultimately paid.

IV. **Other Information** (cont'd)

G. **Special Leisure Services Foundation**

Foundation Purpose – The Special Leisure Services Foundation (the "Foundation") is an Illinois not-for-profit organization incorporated on November 1, 1980. The Foundation was formed to facilitate participation by adults and children with disabilities in recreation programs offered by the Northwest Special Recreation Association ("NWSRA") and the park districts and municipalities which are partners in the operations of NWSRA.

The Foundation uses its funds for five main programs:

- **Inclusion (ADA Compliance)** – The Foundation provides grants so that aides and adaptive equipment can be provided to enable individuals with disabilities to mainstream back into their regular park district program.

- **Accessible Vehicle Support** – The Foundation provides grants for vehicles to provide door-to-door transportation for individuals with disabilities, and other adaptive equipment.

- **General Program Support** – The Foundation provides financial support to create innovative programming opportunities and services.

- **Scholarships** – The Foundation provides financial support to disabled individuals in economic need to enable them to participate in NWSRA programs.

- **NWSRA Lightning Athletics/Paralympics/Unified Sports** – The Foundation provides grants to NWSRA Lightning Athletes, Paralympics and Unified Sports which help athletes competing in their local community by giving them the opportunity to advance to state, national, and international competition.

In addition to the five focus areas, the Foundation may also assist with programs:

- **Building Improvements** – The Foundation provides the financial support to make necessary improvements to the building that houses the offices of the NWSRA.

Basis of Accounting – The financial statements are prepared using the accrual basis of accounting in which revenue is recognized when earned and expenses are recognized when incurred.

Net Assets – The Foundation's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Net assets of the Foundation and changes therein are classified and reported as follows:

IV. **Other Information** (cont'd)

G. **Special Leisure Services Foundation** (cont'd)

Net Assets (cont'd)

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are satisfied or expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Income Taxes – The Foundation is exempt from income tax under IRC section 501(c)(3), and similarly, is exempt from State of Illinois taxes under the Illinois Tax Act Section 205(a), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. There was no unrelated business income for the year ended December 31, 2023.

The Foundation's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally, for three years after they were filed. Annual filings with the State of Illinois are, similarly, subject to examination.

IV. **Other Information** (cont'd)

G. **Special Leisure Services Foundation** (cont'd)

Functional Allocation of Expenses – The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Functional expenses which are not directly attributable to one function are allocated between program, management and general, and fund-raising services based on the number of employees involved, the amount of time spent, the percentage of their salary associated with that time and on estimates made by the Foundation's management.

Investments – Investments are generally reported at fair value with unrealized gains and losses reported in the statement of activities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of a given measurement date. Short-term investments are reported at cost, which approximates fair value. For investments, the Foundation 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.

Contributed Revenue – Contribution revenue is recognized when cash, securities or other assets are received. Conditional promises to give, that is, those with a measurable performance or barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met.

Special Events Revenue – Cash received related to events taking place in the future are considered conditional contributions and are recorded as deferred revenue on the statement of financial position until the underlying event takes place, at which time they are recognized as special events revenue on the statement of activities.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize special events revenue equal to the fair value of direct benefits to donors when the special event takes place. All goods and services are transferred at a point in time. We recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

IV. **Other Information** (cont'd)

G. **Special Leisure Services Foundation** (cont'd)

In-Kind Contributions – Contributed nonfinancial assets include donated professional services and donated use of facilities which are recorded at the respective fair values of the goods or services received (Note 5). In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to management and general and fund-raising; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Services Received from Personnel of an Affiliate – Employees of an affiliated organization contribute significant amounts of time to our general and administrative services. These services are considered to be services received from personnel of an affiliate and are recorded as net asset transfers in the consolidated statements of activities and as employee compensation expense in the consolidated statements of functional expenses.

Deposits and Investments

Deposits – At year-end, the carrying amount of the Foundation's deposits totaled $217,568 and the bank balances totaled $297,754. Cash on hand totaled $150.

From time to time, the Organization maintains cash on deposits with financial institutions in excess of FDIC insurance limits. At December 31, 2023, such uninsured deposits totaled $47,754.

Investments – The Foundation had the following investment fair values and maturities on December 31, 2023:

	Fair Value	Less Than 1	1 to 5
Money market account	$ 18,965	$ 18,965	$ -
US Treasury securities	48,439	-	48,439
Certificates of deposit	243,592	99,251	144,341
Mutual funds	944,060	944,060	-
	$ 1,255,056	$ 1,062,276	$ 192,780

IV. **Other Information** (cont'd)

G. **Special Leisure Services Foundation** (cont'd)

Fair values of investments measured at fair value on a recurring basis at December 31, 2023, are as follows:

	Level 1	Level 2	Level 3	**Total**
Money market accounts	$ 18,965	$ -	$ -	**$ 18,965**
US treasury securities	48,439	-	-	**48,439**
Certificates of deposit	-	243,592	-	**243,592**
Mutual funds	944,060	-	-	**944,060**
	$ 1,011,464	$ 243,592	$ -	**$ 1,255,056**

Liquidity and Availability

The following represents the Foundation's financial assets available to meet general expenditures over the next twelve months at December 31:

	2023
Financial assets at year-end:	
Cash and cash equivalents	**$ 217,718**
Investments	**1,255,056**
Less financial assets with restrictions	**(82,283)**
Financial assets available to meet general expenditures over the next twelve months	**$ 1,390,491**

The Foundation's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

IV. **Other Information** (cont'd)

G. **Special Leisure Services Foundation** (cont'd)

Net Asset Restrictions

Net assets with donor restrictions consist of net assets restricted for the following purposes at December 31, 2023:

NWSRA Lightning Athletes	**$ 5,346**
Booster Club	**3,231**
Accessible Transportation	**24,009**
Accessible Greenhouse	**50,000**
	$ 82,586

The source of net assets released from donor restrictions by incurring expense satisfying the restriction, or by the occurrence of events specified by the donor, was as follows for the year ended December 31, 2023:

NWRSA Lightning Athletes	**$ 3,168**
Inclusion	**1,846**
Scholarships	**32,720**
General Programming	**13,464**
Accessible Greenhouse	**50,000**
Music Room	**5,000**
	$ 106,198

H. **In-Kind Donations**

For the years ended December 31, 2023, contributed nonfinancial assets recognized within the financial statements included the following:

Donated Facilities – The Foundation was allowed to use facilities at no charge to the Foundation during the year ended December 31, 2023. A contribution and related special events expense was recognized at fair value determined as the amount that would have been charged by the facility to rent such facility. The amount recognized was $68,831 for the year ended December 31, 2023.

Donated Services –The Foundation received services from NWSRA employees, which includes grant/sponsorship writing, event fund-raising, and development coordination. Accordingly, contributions have been recorded at $436,578 at December 31, 2023, which represents the cost paid by NWSRA to the employees for their time spent on these services for the Foundation. This amount has been included in net asset transfers and management and general expenses and fund-raising expenses in the statement of activities.

REQUIRED SUPPLEMENTARY INFORMATION

Northwest Special Recreation Association, Illinois
Illinois Municipal Retirement Fund
Multiyear Schedule of Contributions - Last 10 Fiscal Years
December 31, 2023

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Contribution Excess/ (Deficiency)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered
2014	$ 248,478	$ 249,289	$ 811	$ 1,921,715	12.97 %
2015	258,411	258,410	(1)	1,947,331	13.27
2016	256,820	256,819	(1)	1,923,745	13.35
2017	270,801	270,802	1	2,005,934	13.50
2018	251,781	251,781	-	2,077,397	12.12
2019	198,553	198,553	-	2,132,686	9.31
2020	240,292	240,292	-	2,111,528	11.38
2021	226,824	226,824	-	1,965,550	11.54
2022	203,873	204,644	771	2,280,462	8.97
2023	**93,882**	**93,882**	**-**	**2,457,653**	**3.82**

Notes to Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % of Pay (Closed)
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year Smoothed Market; 20% Corridor
Wage Growth	2.75%
Inflation	2.25%
Salary Increases	2.85% to 13.75% Including Inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retire, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disable Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using projected using scale MP-2020.

See independent auditor's report.

Northwest Special Recreation Association, Illinois
Illinois Municipal Retirement Fund
Required Supplementary Information
Multiyear Schedule of Changes in Net Pension Liability and Related Ratios
December 31, 2023

	12/31/2014	12/31/2015	12/31/2016
Total pension liability:			
Service cost	$ 214,433	$ 200,686	$ 189,383
Interest on the total pension liability	630,905	695,179	750,145
Difference between expected and actual changes	85,847	168,795	(144,140)
Assumption changes	234,615	-	-
Benefit payments and refunds	(284,835)	(319,054)	(333,210)
Net change in total pension liability	880,965	745,606	462,178
Total pension liability - beginning	8,447,270	9,328,235	10,073,841
Total pension liability - ending	$ 9,328,235	$ 10,073,841	$ 10,536,019
Plan fiduciary net position:			
Employer contributions	$ 249,289	$ 258,410	$ 256,819
Employee contributions	86,890	87,630	86,569
Pension plan net investment income	497,239	43,664	610,206
Benefit payments and refunds	(284,835)	(319,054)	(333,210)
Other	44,863	(57,394)	31,587
Net change in plan fiduciary net position	593,446	13,256	651,971
Plan fiduciary net position - beginning	8,125,789	8,719,235	8,732,491
Plan fiduciary net position - ending	$ 8,719,235	$ 8,732,491	$ 9,384,462
Net pension liability (asset)	$ 609,000	$ 1,341,350	$ 1,151,557
Plan fiduciary net position as a percentage of total pension liability	93.47%	86.68%	89.07%
Covered valuation payroll	$ 1,921,715	$ 1,947,331	$ 1,923,745
Net pension liability as a percentage of covered valuation payroll	31.69%	68.88%	59.86%

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

See independent auditor's report.

12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	**12/31/2022**
$ 197,294	$ 185,937	$ 202,871	$ 199,577	$ 174,107	**$ 180,034**
783,706	807,875	848,245	869,591	908,822	**934,138**
20,944	14,511	(281,166)	125,936	(212,592)	**(25,028)**
(274,295)	344,596	-	(129,027)	-	**-**
(370,505)	(428,926)	(437,325)	(510,426)	(514,024)	**(534,194)**
357,144	923,993	332,625	555,651	356,313	**554,950**
10,536,019	10,893,163	11,817,156	12,149,781	12,705,432	**13,061,745**
$ 10,893,163	$ 11,817,156	$ 12,149,781	$ 12,705,432	$ 13,061,745	**$ 13,616,695**
$ 270,802	$ 251,781	$ 198,553	$ 240,292	$ 226,824	**$ 204,644**
90,267	93,483	95,971	95,019	88,450	**102,922**
1,575,401	(502,079)	1,861,228	1,613,027	2,151,315	**(1,791,594)**
(370,505)	(428,926)	(437,325)	(510,426)	(514,024)	**(534,194)**
(197,524)	142,201	(416,581)	69,542	(22,271)	**(18,424)**
1,368,441	(443,540)	1,301,846	1,507,454	1,930,294	**(2,036,646)**
9,384,462	10,752,903	10,309,363	11,611,209	13,118,663	**15,048,957**
$ 10,752,903	$ 10,309,363	$ 11,611,209	$ 13,118,663	$ 15,048,957	**$ 13,012,311**
$ 140,260	$ 1,507,793	$ 538,572	$ (413,231)	$ (1,987,212)	**$ 604,384**
98.71%	87.24%	95.57%	103.25%	115.21%	**95.56%**
$ 2,005,934	$ 2,077,397	$ 2,132,686	$ 2,111,528	$ 1,965,550	**$ 2,280,462**
6.99%	72.58%	25.25%	-19.57%	-101.10%	**26.50%**

Northwest Special Recreation Association, Illinois
Retiree Benefit Plan
Required Supplementary Information
Multiyear Schedule of Changes in the Employer's Total OPEB Liability
December 31, 2023

	2018	2019	2020
Total OPEB liability:			
Service cost	$ 9,801	$ 9,478	$ 10,840
Interest	16,997	17,669	13,289
Difference between expected and actual experience	-	-	(189,190)
Change of Assumptions or Other Inputs	(36,365)	80,208	56,014
Benefit payments	(53,998)	(52,009)	(54,928)
Other changes	-	-	-
Net change in total OPEB liability	(63,565)	55,346	(163,975)
Total OPEB liability - beginning	520,692	457,127	512,473
Total OPEB liability - ending	$ 457,127	$ 512,473	$ 348,498
Covered payroll	$ 2,056,493	$ 2,107,905	$ 2,160,603
Total OPEB liability as a percentage of covered payroll	22.23%	24.31%	16.13%

Notes:

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Changes of assumptions:

Changes in assumptions related to the annual change to discount rate.

See independent auditor's report.

2021	2022	**2023**
$ 6,132	$ 5,090	**$ 46,539**
7,077	5,740	**6,723**
-	(80,267)	**-**
(53,718)	(28,448)	**12,391**
(29,368)	-	**-**
-	-	**-**
(69,877)	(97,885)	**65,653**
348,498	278,621	**180,736**
$ 278,621	$ 180,736	**$ 246,389**
$ 2,214,618	$ 2,269,983	**$ 2,326,733**
12.58%	7.96%	**10.59%**

Northwest Special Recreation Association, Illinois
Schedule of Revenues, Expenses and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2023

	Budget			Positive (Negative) Variance With
	Original	Final	**Actual**	Final Budget
Revenues:				
Member contributions	$ 4,320,308	$ 4,320,308	**$ 4,320,308**	$ -
Program	967,042	967,042	**1,199,976**	232,934
Grants and contributions	297,803	297,803	**194,511**	(103,292)
Interest income	100,000	100,000	**147,651**	47,651
Forgiveness of IRS penalties	-	-	**45,807**	45,807
Total revenues	5,685,153	5,685,153	**5,908,253**	223,100
Expenditures:				
Special recreation:				
Administration	1,063,552	1,063,552	**1,058,738**	4,814
Program	656,297	656,297	**645,108**	11,189
Salary	3,450,326	3,450,326	**3,920,896**	(470,570)
Liability/Audit/IMRF	502,822	502,822	**484,539**	18,283
Inclusion services	28,828	28,828	**103,246**	(74,418)
Debt service:				
Principal	-	-	**11,233**	(11,233)
Interest	-	-	**1,030**	(1,030)
Capital outlay	856,861	856,861	**524,749**	332,112
Total expenditures	6,558,686	6,558,686	**6,749,539**	(190,853)
Revenues under expenditures before other financing sources	(873,533)	(873,533)	**(841,286)**	32,247
Other financing sources:				
Proceeds from sale of capital assets	16,675	16,675	**1,435**	(15,240)
Total other financing sources	16,675	16,675	**1,435**	(15,240)
Net changes in fund balance	$ (856,858)	$ (856,858)	**(839,851)**	$ 17,007
Fund balance - beginning			**3,964,515**	
Fund balance - ending			**$ 3,124,664**	

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

Northwest Special Recreation Association, Illinois
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2023

	Budget			Positive (Negative) Variance With
	Original	Final	**Actual**	Final Budget
Special Recreation:				
Administration:				
Professional fees	$ 98,795	$ 98,795	**$ 92,327**	$ 6,468
Office supplies	5,075	5,075	**7,103**	(2,028)
Credit card and bank fees	15,000	15,000	**19,262**	(4,262)
Postage	3,600	3,600	**5,276**	(1,676)
Telephone/fax	23,790	23,790	**21,598**	2,192
Conference/education	60,186	60,186	**66,801**	(6,615)
Membership dues	19,914	19,914	**27,864**	(7,950)
Health insurance	446,764	446,764	**426,131**	20,633
Maintenance/utilities	61,428	61,428	**55,709**	5,719
Rent	180,276	180,276	**164,627**	15,649
Computer contracts	148,724	148,724	**172,040**	(23,316)
Total administration	1,063,552	1,063,552	**1,058,738**	4,814
Program:				
Program rental - municipal	31,059	31,059	**27,451**	3,608
Program rental - commercial	129,500	129,500	**135,253**	(5,753)
Program development	9,000	9,000	**2,980**	6,020
Program expendable supplies	234,000	234,000	**167,376**	66,624
Mileage	31,000	31,000	**43,819**	(12,819)
Transportation - maintenance	78,500	78,500	**115,233**	(36,733)
Transportation - gasoline	85,500	85,500	**76,134**	9,366
Program printing	34,000	34,000	**36,862**	(2,862)
Public awareness	23,738	23,738	**40,000**	(16,262)
Total program	656,297	656,297	**645,108**	11,189
Salary:				
Full-time	2,457,473	2,457,473	**2,364,811**	92,662
Part-time	583,210	583,210	**923,723**	(340,513)
Inclusion	400,063	400,063	**623,694**	(223,631)
Payroll processing	1,780	1,780	**1,168**	612
Car allowance	7,800	7,800	**7,500**	300
Total salary	3,450,326	3,450,326	**3,920,896**	(470,570)

(cont'd)

Northwest Special Recreation Association, Illinois
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended December 31, 2023

	Budget			Positive (Negative) Variance With
	Original	Final	**Actual**	Final Budget
Special Recreation (cont'd):				
Liability/Audit/IMRF:				
Liability/PDRMA insurance	$ 83,385	$ 83,385	**$ 71,622**	$ 11,763
Audit	12,500	12,500	**15,231**	(2,731)
FICA	276,231	276,231	**299,352**	(23,121)
IMRF	130,706	130,706	**98,334**	32,372
Total liability/audit/IMRF	502,822	502,822	**484,539**	18,283
Inclusion expenses	28,828	28,828	**103,246**	(74,418)
Total Special Recreation	5,701,825	5,701,825	**6,212,527**	(510,702)
Debt service:				
Principal	-	-	**11,233**	(11,233)
Interest	-	-	**1,030**	(1,030)
Total debt service	-	-	**12,263**	(12,263)
Capital outlay	856,861	856,861	**524,749**	332,112
Total expenditures	$ 6,558,686	$ 6,558,686	**$ 6,749,539**	$ (190,853)

See independent auditor's report.