

To: NWSRA Board of Trustees

From: Tracey Crawford, Executive Director

RE: 2023 Audit

Date: May 22, 2024

Motion to accept the 2023 Audit as presented by Seldon Fox.

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

May xx, 2024

Board of Directors
Northwest Special Recreation Association
Rolling Meadows, Illinois

We have audited the financial statements of the **Northwest Special Recreation Association, Illinois**, (Association) for the year ended December 31, 2023, and have issued our report thereon dated May xx, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 5, 2024, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. The financial statements are the responsibility of management with your oversight. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management prior to field work beginning on March 18, 2024, in our engagement letter dated January 5, 2024, and orally during the audit engagement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the Association and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Association or to acts by management or employees acting on behalf of the Association.

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Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management contracted with an outside accounting firm in 2022 to assist with the accounting and financial reporting for the Association. While the outsourced accountant selected and used certain accounting policies, ultimately management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.

The significant accounting policies used by the Association are described in Note 1 to the financial statements. No significant new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year ended December 31, 2023. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by the outsourced accountants, with management's consent, and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management records investments at fair value, the ultimate realization of which is dependent upon future economic factors related to those investments and depreciates capital assets over their estimated useful lives. Management determination of the net pension liability and OPEB liability uses actuarial estimates based on past experience and future expectations. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Adjusting journal entries to the governmental fund financial statements are at Exhibit 1. Adjusting journal entries to the government-wide financial statements are at Exhibit 2. There were no uncorrected adjusting journal entries.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Significant Audit Matters (cont'd)

Management Representations

We have requested certain representations from management that are included in the management representation letter dated **May xx**, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to an organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Northwest Special Recreation Association and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SELDEN FOX, LTD.

Edward G. Tracy
Executive Vice President

EGT/cr

Northwest Special Recreation Association, Illinois
Adjusting Journal Entry Report
For the Year Ended December 31, 2023

Account	Description	Debit	Credit	P&L Increase (Decrease)
Adjusting Journal Entry #1				
Record additional payable at December 31, 2023.				
421806	BGPD Rental Space	\$ 1,938.00	\$ -	\$ -
21200	Accounts Payable		1,938.00	(1,938.00)
Adjusting Journal Entry #2				
Write off unlocated difference between opening general ledger balance and prior year audited trial balance.				
421004	Miscellaneous Expense	3,833.03		
29500	Retained Earnings		3,833.03	(3,833.03)
Adjusting Journal Entry #3				
Reclassify reversal of prior year accrual for potential penalties and interest on unpaid payroll taxes which were forgiven.				
442100	FICA - Employer Payroll Tax Expense	60,180.00		
21203	Accrued Expenses - IRS Penalties		14,373.50	
390099	Miscellaneous Income		45,806.50	(14,373.50)
Adjusting Journal Entry #4				
Client entry to allocate balance in scholarship receivable to various program accounts.				
320005	Day Camp Fees	41,029.12		
320006	General Programs Fees	17,203.00		
320008	Trips Fees	1,365.00		
320011	Athletic Fees	4,089.20		
321006	General Programs Door to Door	110.00		
12001	Scholarship - Receivable		63,796.32	(63,796.32)
Adjusting Journal Entry #5				
Client entry to record additional credit card expense.				
422906	Printer Toner (OSP)	4,730.75		
10600	Accounts Payable		4,730.75	(4,730.75)

(cont'd)

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**Northwest Special Recreation Association, Illinois
Adjusting Journal Entry Report
For the Year Ended December 31, 2023**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>	<u>P&L Increase (Decrease)</u>
Adjusting Journal Entry #6				
Client entry to reclassify amounts to proper accounts.				
421001	Professional Expenses	21,250.00		
421001	Professional Expenses	9,750.00		
424402	General Programs	2,847.50		
424101	Salary		21,250.00	
424101	Salary		9,750.00	
424206	General Programs		2,847.50	-
Adjusting Journal Entry #7				
Client entry to reconcile to final trial balance.				
21200	Accounts Payable	4,730.75		
21203	Accrued Expenses - IRS Penalties and Interes	14,373.50		
422906	Printer Toner (OSP)	1,790.00		
422909	Miscellaneous	1,297.11		
10600	NWSRA Operating		7,817.86	
390098	Forgiveness of IRS Payroll Tax Penalties		14,373.50	11,286.39
Net effect of adjusting journal entries - fund financial statements				\$ (77,385.21)

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**Northwest Special Recreation Association, Illinois
Government-Wide Adjusting Journal Entry Report
For the Year Ended December 31, 2023**

Account	Description	Debit	Credit	P&L Increase (Decrease)
GW Adjusting Journal Entry #1				
Adjust beginning capital assets to agree to the prior year audit				
13060	Building Improvements	\$ 81,258.00	\$ -	\$ -
13100	Equipment	46,295.98		
13110	Accum. Depr - Equipment		6,397.18	
13210	Accumulated Depreciation - Other		33,511.86	
29550	Investment in Capital Assets		87,644.94	-
GW Adjusting Journal Entry #2				
Record opening balances for IMRF balances.				
15000	IMRF Net Pension Asset	1,987,212.00		
16000	Deferred Outflow - IMRF	306,439.00		
26000	Deferred Inflow - IMRF		1,917,253.00	
29550	Investment in Capital Assets		376,398.00	-
GW Adjusting Journal Entry #3				
Record depreciation expense.				
460000	Depreciation Expense	316,858.00		
13110	Accumulated Depreciation - Equipment		62,902.00	
13210	Accumulated Depreciation - Other		253,956.00	(316,858.00)
GW Adjusting Journal Entry #4				
Record capital asset additions.				
13060	Building Improvements	78,845.00		
13100	Equipment	39,398.00		
13200	Transportation Equipment	234,600.00		
999500	GWFS - Capital Asset Additions		352,843.00	352,843.00
GW Adjusting Journal Entry #5				
Adjust OPEB liability to actual.				
999295	GWFS - OPEB Net Asset Adjustment	180,736.00		
999400	GWFS - OPEB Expense	65,653.00		
999200	GWFS - Total OPEB Liability		246,389.00	(65,653.00)

(cont'd)

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Northwest Special Recreation Association, Illinois
Government-Wide Adjusting Journal Entry Report (cont'd)
For the Year Ended December 31, 2023

Account	Description	Debit	Credit	P&L Increase (Decrease)
GW Adjusting Journal Entry #6				
Record change in IMRF net pension asset.				
16000	Deferred Outflow - IMRF	\$ 855,927.00	\$ -	\$ -
26000	Deferred Inflow - IMRF	1,767,428.00		
15000	IMRF Net Pension Asset		1,987,212.00	
25000	IMRF Net Pension Liability		604,384.00	
999401	GWFS - Pension Expense		31,759.00	31,759.00
GW Adjusting Journal Entry #7				
Record change in compensated absences payable.				
6560	Payroll Expenses	895.90		
22500	Accrued Vacation		895.90	(895.90)
GW Adjusting Journal Entry #8				
Record right of use assets and lease liabilities.				
14000	Right of Use Assets	305,910.72		
461000	Right of Use Asset Amortization Expense	38,449.17		
461001	Debt Service - Interest	7,381.47		
14010	Accumulated Amortization - ROU Assets		60,485.15	
24000	Lease Liabilities		242,299.40	
29550	Investment in Capital Assets		3,876.17	
421807	HEPD Rental Space		30,000.00	
460003	Technology/Hardware		15,080.64	(750.00)
GW Adjusting Journal Entry #9				
Record debt principal paid as a reduction of the liability in the government-wide financial statements.				
24001	Note Payable	11,233.08		
29550	Investment in Capital Assets	39,795.84		
24001	Note Payable		39,795.84	
461002	Debt Service - Principal		11,233.08	11,233.08
Net effect of adjusting journal entries - government-wide financial statements				\$ 11,678.18

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May xx, 2024

Board of Directors
Northwest Special Recreation Association
Rolling Meadows, Illinois

In planning and performing our audit of the financial statements of **Northwest Special Recreation Association** (“Association”) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Association’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Association’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Association’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. We consider the following deficiency in the Association’s internal control to be a material weakness.

Year End Financial Reporting Process

Generally accepted auditing standards, “*Communicating Internal Control Related Matters Identified in an Audit*,” defines the terms *significant deficiencies* and *material weaknesses* in internal control over financial reporting.

Among others, lack of controls over the period end financial reporting process is considered a deficiency in internal control which could result in the financial statements being misstated or not in accordance with generally accepted accounting principles. The standard emphasizes that the external auditor cannot be part of an entity’s internal control process over financial reporting. Accordingly, we require evidence and documentation from management to support our evaluation about the effectiveness of internal controls over financial reporting.

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Year End Financial Reporting Process (cont'd)

Selden Fox, Ltd. in conjunction with management has prepared the drafts of the financial statements of the Association, including note disclosures, as part of the audit process for the year ended December 31, 2023. We also recorded five adjusting journal entries to the fund financial statements that had the effect of reducing the net change in fund balance by \$88,671. **We recommend** the Board continue their review of interim financial reporting, paying particular attention to any unusual variances with budget.

We also proposed nine journal entries to convert the fund financial statements to the full-accrual, government-wide financial statements. Several of these entries were made from schedules provided by the Finance Department or from reports received from actuaries. Some of these long-term assets and liabilities are not reflected in the current trial balance. **We recommend** the Finance Department establish a separate fund to account for the adjustments needed to convert the fund financial statements to the government-wide financial statements for the year end audit.

Management Response

Internal controls over the year-end financial reporting process in 2023 were affected by the transition of outside financial firm responsibilities to the hiring of a new Superintendent of Finance who has since been replaced by the now acting Superintendent of Finance who is a CPA and broad accounting and financial experience. We aim to streamline the period end processes and have corrected deficiencies in internal controls that occurred during the staff transition process. The Superintendent of Finance and Administrative Manager are working diligently to implement a new accounting system and review all processes to address this finding. Despite these transition issues, we do not feel there was a lack of controls in the daily processing of transactions, as we continued to exercise a three plus touch process for all transactions, even employing a temporary finance executive during the transitions to ensure that the controls remained in place.

Future Accounting and Auditing Pronouncements

GASB has issued a number of other pronouncements that become effective in the future years. While we do not anticipate that these new standards will have a significant impact on the Association as presently constituted, we bring them to your attention for consideration in any future plans for the organization.

GASB Statement No. 99, Omnibus 2022, improves the comparability in the application of accounting and financial reporting requirements and the consistency of authoritative literature by clarifying items within recently released accounting standards. Portions of this standard were effective upon issuance, while other portions become effective for the fiscal years ending December 31, 2023 and 2024.

GASB Statement 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. Statement No. 100 is effective for the fiscal year ending December 31, 2024.

GASB Statement 101, *Compensated Absences*, improves financial reporting by establishing a unified recognition and measurement model for compensated absences that more appropriately reflects when a government incurs an obligation which can be applied to any type of compensated absence, eliminating potential comparability issues between governments that offer different types of leave. Statement No. 101 is effective for the fiscal year ending December 31, 2024.

Future Accounting and Auditing Pronouncements (cont'd)

GASB Statement 102, *Certain Risk Disclosures*, improves financial reporting by providing users of the financial statements with timely information regarding concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. Statement No. 102 is effective for the fiscal year ending December 31, 2025.

This communication is intended solely for the information and use of the Board of Directors, management, and others within the Association and is not intended to be and should not be used by anyone other than these specified parties.



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

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NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Annual Financial Report

For the Year Ended December 31, 2023

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

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INDEPENDENT AUDITOR'S REPORT

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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.

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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.

May xx, 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 \$835,931 or 12.6 percent.
- During the year, government-wide revenues totaled \$5,918,828, while expenses totaled \$6,754,759, resulting in the decrease to net position of \$835,931.
- The Association's net position totaled \$5,811,536 at December 31, 2023, which included \$3,182,677 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 \$847,609, resulting in an ending fund balance of \$3,116,906, a decrease of 21.4 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.

**NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS
MANAGEMENT'S DISCUSSIONS AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023**

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.

**NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS
MANAGEMENT'S DISCUSSIONS AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023**

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 \$5,811,536.

Statement of Net Position

Governmental Activities

	December 31, 2023	December 31, 2022
Assets		
Current and other assets	\$ 3,714,110	\$ 7,229,381
Capital assets	2,899,721	2,596,275
Total assets	6,613,831	9,825,656
Deferred Outflows	1,162,366	306,439
Total Assets/Deferred Outflows	7,776,197	10,132,095
Long-Term Liabilities	1,121,635	500,531
Other Liabilities	693,201	1,066,844
Total Liabilities	1,814,836	1,567,375
Deferred Inflows	149,825	1,917,253
Total Liabilities/Deferred Inflows	1,964,661	3,484,628
Net position		
Investment in capital assets	2,628,859	2,582,391
Unrestricted	3,182,677	4,065,076
Total net position	\$ 5,811,536	\$ 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, \$2,628,859 or 45.3 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 54.7 percent, or \$3,182,677, represents unrestricted net position and may be used to meet the Association's ongoing obligations to program participants and creditors.

**NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS
MANAGEMENT'S DISCUSSIONS AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023**

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	\$ 1,136,180	\$ 883,858
Operating grants and contributions	209,510	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	60,180	-
Total revenues	5,918,828	5,190,533
Expenses:		
Special recreation	6,746,348	5,400,668
Interest	8,411	4,981
Total expenses	6,754,759	5,405,649
Increase (decrease) in net position	(835,931)	(215,116)
Net position, beginning of year	6,647,467	6,862,583
Net position, end of year	\$ 5,811,536	\$ 6,647,467

Net position of the Association decreased by 12.6 percent (\$6,647,467 in 2022 compared to \$5,811,536 in 2023). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$3,182,677 at December 31, 2023.

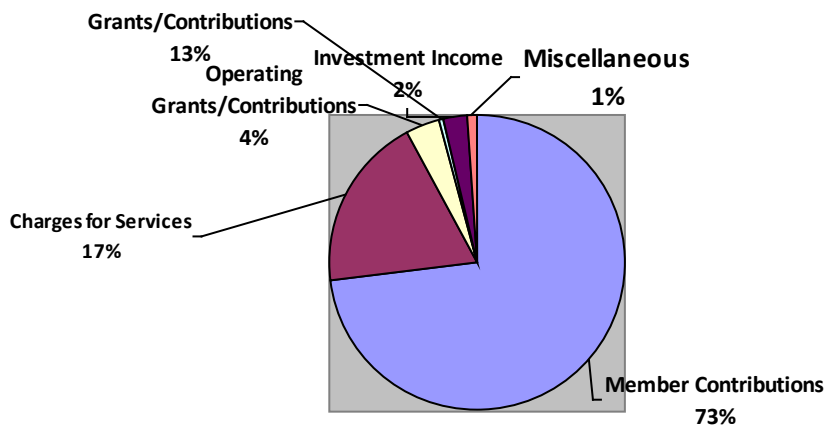
Revenues for 2023 totaled \$5,918,828, while the cost of all programs and interest totaled \$6,754,759, resulting in a deficit of \$835,931. Revenues for 2022 totaled \$5,190,533, while the cost of all programs and interest totaled \$5,405,649. This results in a deficit of \$215,116. The Association reported increases in charges for services, operating grants and member contributions, with decreases in 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.

**NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS
MANAGEMENT’S DISCUSSIONS AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023**

Government-wide Financial Analysis (cont'd)

Expenses for the 2023 fiscal year increased \$1,349,110, 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 \$3,116,906 which is \$847,609, or 21.4 percent, lower than last year’s total of \$3,964,515. Of the \$3,116,906 total, \$189,228, or approximately 6.1 percent, of the fund balance constitutes unassigned fund balance.

The Association reported a negative change in fund balance for the year of \$847,609. Revenues of \$5,918,829 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 \$6,767,873 increased from the prior year total of \$6,607,637 by 2.4% 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.

**NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS
MANAGEMENT'S DISCUSSIONS AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023**

BUDGETARY HIGHLIGHTS

The Association did not make any amendments to the budget during the year. Actual revenues for the year totaled \$5,918,829, compared to budgeted revenues of \$5,685,153. Program revenue was over budget by \$169,138, as more participants are returning to programs post COVID. Grants and contributions came in under budgeted amounts by \$43,293. Interest income exceeded the budgeted amount of \$100,000 by \$47,651.

Actual expenditures for the year were \$209,187 higher than budgeted (\$6,767,873 actual compared to \$6,558,686 budgeted as salaries and ADA compliance exceeded budget by \$259,797 and \$307,951, respectively. Part time salaries of \$918,133 exceeded budget by \$334,923. 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	1,142,321	1,178,733
Parking lot	12,404	15,991
Furniture and equipment	366,576	390,080
Vehicles	548,675	429,068
Right of use assets	245,427	283,876
Capital assets, net	\$ 2,899,721	\$ 2,902,186

The Association had the following capital asset additions for the year

Furniture and equipment	\$ 39,398
Vehicles	\$ 234,600
Capital assets, net	\$ 352,843

**NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS
MANAGEMENT'S DISCUSSIONS AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023**

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.

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05-17-24

BASIC FINANCIAL STATEMENTS

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

Assets	Governmental Activities	Component Unit Special Leisure Services Foundation
Current assets:		
Cash and investments	\$ 3,660,525	\$ 1,472,774
Receivables - net of allowances	17,342	-
Prepays	36,243	8,265
Total current assets	3,714,110	1,481,039
Noncurrent assets:		
Depreciable capital assets	5,155,445	-
Right of use assets	305,911	-
Accumulated depreciation/amortization	(2,561,635)	-
Total noncurrent assets	2,899,721	-
Total assets	6,613,831	1,481,039
Deferred Outflows of Resources		
Deferred items - IMRF	1,162,366	-
Total assets and deferred outflows of resources	\$ 7,776,197	\$ 1,481,039

See accompanying notes to the financial statements.

	Governmental Activities	Component Unit
		Special Leisure Services Foundation
Liabilities		
Current liabilities:		
Accounts payable	\$ 43,368	\$ 6,250
Accrued payroll	73,653	-
Accrued payroll tax liability	22,760	-
Deferred revenue	457,423	18,959
Compensated absences - current	19,916	-
Note payable - current	11,571	-
Lease liabilities - current	37,699	-
Total current liabilities	666,390	25,209
Noncurrent liabilities:		
Compensated absences	76,081	-
Note payable - noncurrent	16,992	-
Lease liabilities - noncurrent	204,600	-
Net pension liability - IMRF	604,384	-
Total OPEB liability - RBP	246,389	-
Total noncurrent liabilities	1,148,446	-
Total liabilities	1,814,836	25,209
Deferred Inflows of Resources		
Deferred items - IMRF	149,825	-
Total liabilities and deferred inflows of resources	\$ 1,964,661	\$ 25,209
Net Position		
Investment in capital assets	\$ 2,628,859	\$ -
Restricted - Foundation	-	82,586
Unrestricted	3,182,677	1,373,244
Total net position	\$ 5,811,536	\$ 1,455,830

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

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants/ Contributions</u>	<u>Capital Grants/ Contributions</u>
Governmental activities:				
Special recreation	\$ 6,746,348	\$ 1,136,180	\$ 209,510	\$ 45,000
Interest expense	8,411	-	-	-
	<u>6,754,759</u>	<u>1,136,180</u>	<u>209,510</u>	<u>45,000</u>
Component unit:				
Special Leisure Services Foundation	<u>1,058,208</u>	<u>359,706</u>	<u>770,052</u>	<u>-</u>
	5,918,828		General revenues:	
	73.0%		Member contributions	
			Interest and dividends	
			Unrealized gain	
			Forgiveness of IRS penalties	
			Change in net position	
			Net position - beginning	
			Net position - ending	

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05-17-24

See accompanying notes to the financial statements.

Net (Expenses) Revenue	Component Unit Special Leisure Services Foundation
\$ (5,355,658)	\$ -
(8,411)	-
<u>(5,364,069)</u>	<u>-</u>
-	71,550
4,320,307	-
147,651	46,052
-	116,902
60,180	-
<u>(835,931)</u>	<u>234,504</u>
6,647,467	1,221,326
<u>\$ 5,811,536</u>	<u>\$ 1,455,830</u>

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

Assets	
Cash and investments	\$ 3,660,525
Receivables - net of allowances:	
Scholarships	17,342
Prepays	36,243
Total assets	\$ 3,714,110
Liabilities	
Accounts payable	\$ 43,368
Accrued payroll	73,247
Accrued payroll tax liability	22,760
Deferred revenue	457,829
Total liabilities	597,204
Fund Balances	
Nonspendable	36,243
Committed	1,238,594
Assigned	1,652,841
Unassigned	189,228
Total fund balances	3,116,906
Total liabilities and fund balances	\$ 3,714,110

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	\$	3,116,906
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.		2,593,810
Right of use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		305,911
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		(242,299)
Net pension liability - IMRF		(604,384)
Total OPEB liability		<u>(246,389)</u>
Net position of governmental activities	\$	<u>5,811,536</u>

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	1,136,180
Grants and contributions	254,510
Interest income	147,651
Miscellaneous	60,180
Total revenues	5,918,829
Expenditures:	
Special Recreation:	
Administration	1,058,738
Program	645,108
Salary	3,310,060
Liability/audit /IMRF	480,113
ADA compliance	736,842
Debt service:	
Principal	11,233
Interest	1,030
Capital outlay	524,749
Total expenditures	6,767,873
Revenues under expenditures before other financing sources	(849,044)
Other financing sources - proceeds from sale of capital assets	1,435
Net change in fund balance	(847,609)
Fund balance - beginning	3,964,515
Fund balance - ending	\$ 3,116,906

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	\$	(847,609)
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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		352,843
Depreciation expense		(316,858)
Amortization expense		(38,449)

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

Change in deferred items - IMRF		2,623,355
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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.

		48,932
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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	\$	(835,931)
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See accompanying notes to the financial statements.

**Northwest Special Recreation Association, Illinois
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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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.

Prepays – 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

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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.

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Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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.

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Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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	Additions	Disposals	Balance December 31, 2023
Governmental Activities				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets, being depreciated:				
Building	1,006,000	-	-	1,006,000
Building improvements	1,411,312	78,845	-	1,490,157
Parking lot	71,730	-	-	71,730
Furniture and equipment	803,124	39,398	-	842,522
Vehicles	1,510,437	234,599	-	1,745,036
Right of use assets	305,911	-	-	305,911
Total capital assets being depreciated	<u>5,108,514</u>	<u>352,842</u>	<u>-</u>	<u>5,461,356</u>
Less accumulated depreciation for:				
Building	401,562	20,120	-	421,682
Building improvements	232,579	115,257	-	347,836
Parking lot	55,739	3,587	-	59,326
Furniture and equipment	413,044	62,902	-	475,946
Vehicles	1,081,369	114,992	-	1,196,361
Right of use assets	22,035	38,449	-	60,484
Total accumulated depreciation/amortization	<u>2,206,328</u>	<u>355,307</u>	<u>-</u>	<u>2,561,635</u>
Total capital assets being depreciated, net	<u>2,902,186</u>	<u>(2,465)</u>	<u>-</u>	<u>2,899,721</u>
Governmental activities' capital assets, net	<u>\$ 2,902,186</u>	<u>\$ (2,465)</u>	<u>\$ -</u>	<u>\$ 2,899,721</u>

Depreciation and amortization of \$355,307 was charged to the Special Recreation function.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
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	-	(37,700)	242,299	37,699
Net pension liability/(asset)	(1,987,212)	2,591,596	-	604,384	-
Total OPEB liability	<u>180,736</u>	<u>65,653</u>	<u>-</u>	<u>246,389</u>	<u>-</u>
	<u>\$ (1,391,580)</u>	<u>\$ 2,726,446</u>	<u>\$ (117,234)</u>	<u>\$ 1,217,632</u>	<u>\$ 69,186</u>

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:

	<u>Principal</u>	<u>Interest</u>
2024	\$ 11,571	\$ 692
2025	11,920	343
2026	<u>5,072</u>	<u>38</u>
	<u>\$ 28,563</u>	<u>\$ 1,073</u>

Lease agreements are summarized as follows:

<u>Description</u>	<u>Balance 12/31/22</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/23</u>
Vogeli House	\$ 253,891	\$ -	\$ 22,851	\$ 231,040
Copier	<u>26,108</u>	<u>-</u>	<u>14,849</u>	<u>11,259</u>
	<u>\$ 279,999</u>	<u>\$ -</u>	<u>\$ 37,700</u>	<u>\$ 242,299</u>

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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%. Future principal and interest payments on the lease liabilities are as follows:

	Principal	Interest
2024	\$ 34,774	\$ 6,536
2025	24,196	5,804
2026	24,898	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
	\$ 242,299	\$ 31,511

D. Fund Balance Classifications

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

Prepays	\$	36,243
Committed for capital improvements		1,238,594
Assigned for general reserves		1,652,841
Unassigned		189,228
	\$	3,116,906

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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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	<u>\$ 2,628,859</u>

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information

A. Member Contributions

Contributions received from members during the 2023 fiscal year were:

<u>Member Park District</u>	<u>Original Budget</u>	<u>Net Contribution</u>
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	177,208	177,208
Wheeling	240,528	240,528
	<u>\$ 4,320,308</u>	<u>\$ 4,320,308</u>

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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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

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Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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).

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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	<u>44</u>
Total	<u>154</u>

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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)

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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	<u>1,037,240</u>	<u>-</u>	<u>1,037,240</u>
Total expense to be recognized in future periods	1,068,484	149,825	918,659
Contributions subsequent to measurement date	<u>93,882</u>	<u>-</u>	<u>93,882</u>
Total deferred outflows (inflows) of resources	<u>\$ 1,162,366</u>	<u>\$ 149,825</u>	<u>\$ 1,012,541</u>

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	<u>574,752</u>
	<u>\$ 918,659</u>

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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

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

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	<u>44</u>

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:

Draft - Subject to Change

05-17-24

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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. At December 31, 2023, the Association recognized miscellaneous income of \$60,160 for the difference between the amount accrued for penalties and interest at December 31, 2022, and the net amount ultimately paid.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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:

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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	-
	<u>\$ 1,255,056</u>	<u>\$ 1,062,276</u>	<u>\$ 192,780</u>

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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
	<u>\$ 1,011,464</u>	<u>\$ 243,592</u>	<u>\$ -</u>	<u>\$ 1,255,056</u>

Liquidity and Availability

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

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

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.

Northwest Special Recreation Association, Illinois
Notes to the Financial Statements (cont'd)

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	<u>50,000</u>
	<u>\$ 82,586</u>

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:

NWSRA Lightning Athletes	\$ 3,168
Inclusion	1,846
Scholarships	32,720
General Programming	13,464
Accessible Greenhouse	50,000
Music Room	<u>5,000</u>
	<u>\$ 106,198</u>

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	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Total pension liability:									
Service cost	\$ 214,433	\$ 200,686	\$ 189,383	\$ 197,294	\$ 185,937	\$ 202,871	\$ 199,577	\$ 174,107	\$ 180,034
Interest on the total pension liability	630,905	695,179	750,145	783,706	807,875	848,245	869,591	908,822	934,138
Difference between expected and actual changes	85,847	168,795	(144,140)	20,944	14,511	(281,166)	125,936	(212,592)	(25,028)
Assumption changes	234,615	-	-	(274,295)	344,596	-	(129,027)	-	-
Benefit payments and refunds	(284,835)	(319,054)	(333,210)	(370,505)	(428,926)	(437,325)	(510,426)	(514,024)	(534,194)
Net change in total pension liability	880,965	745,606	462,178	357,144	923,993	332,625	555,651	356,313	554,950
Total pension liability - beginning	8,447,270	9,328,235	10,073,841	10,536,019	10,893,163	11,817,156	12,149,781	12,705,432	13,061,745
Total pension liability - ending	\$ 9,328,235	\$ 10,073,841	\$ 10,536,019	\$ 10,893,163	\$ 11,817,156	\$ 12,149,781	\$ 12,705,432	\$ 13,061,745	\$ 13,616,695
Plan fiduciary net position:									
Employer contributions	\$ 249,289	\$ 258,410	\$ 256,819	\$ 270,802	\$ 251,781	\$ 198,553	\$ 240,292	\$ 226,824	\$ 204,644
Employee contributions	86,890	87,630	86,569	90,267	93,483	95,971	95,019	88,450	102,922
Pension plan net investment income	497,239	43,664	610,206	1,575,401	(502,079)	1,861,228	1,613,027	2,151,315	(1,791,594)
Benefit payments and refunds	(284,835)	(319,054)	(333,210)	(370,505)	(428,926)	(437,325)	(510,426)	(514,024)	(534,194)
Other	44,863	(57,394)	31,587	(197,524)	142,201	(416,581)	69,542	(22,271)	(18,424)
Net change in plan fiduciary net position	593,446	13,256	651,971	1,368,441	(443,540)	1,301,846	1,507,454	1,930,294	(2,036,646)
Plan fiduciary net position - beginning	8,125,789	8,719,235	8,732,491	9,384,462	10,752,903	10,309,363	11,611,209	13,118,663	15,048,957
Plan fiduciary net position - ending	\$ 8,719,235	\$ 8,732,491	\$ 9,384,462	\$ 10,752,903	\$ 10,309,363	\$ 11,611,209	\$ 13,118,663	\$ 15,048,957	\$ 13,012,311
Net pension liability (asset)	\$ 609,000	\$ 1,341,350	\$ 1,151,557	\$ 140,260	\$ 1,507,793	\$ 538,572	\$ (413,231)	\$ (1,987,212)	\$ 604,384
Plan fiduciary net position as a percentage of total pension liability	93.47%	86.68%	89.07%	98.71%	87.24%	95.57%	103.25%	115.21%	95.56%
Covered valuation payroll	\$ 1,921,715	\$ 1,947,331	\$ 1,923,745	\$ 2,005,934	\$ 2,077,397	\$ 2,132,686	\$ 2,111,528	\$ 1,965,550	\$ 2,280,462
Net pension liability as a percentage of covered valuation payroll	31.69%	68.88%	59.86%	6.99%	72.58%	25.25%	-19.57%	-101.10%	26.50%

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.

**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	2021	2022	2023
Total OPEB liability:						
Service cost	\$ 9,801	\$ 9,478	\$ 10,840	\$ 6,132	\$ 5,090	\$ 46,539
Interest	16,997	17,669	13,289	7,077	5,740	6,723
Difference between expected and actual experience	-	-	(189,190)	-	(80,267)	-
Change of Assumptions or Other Inputs	(36,365)	80,208	56,014	(53,718)	(28,448)	12,391
Benefit payments	(53,998)	(52,009)	(54,928)	(29,368)	-	-
Other changes	-	-	-	-	-	-
Net change in total OPEB liability	(63,565)	55,346	(163,975)	(69,877)	(97,885)	65,653
Total OPEB liability - beginning	520,692	457,127	512,473	348,498	278,621	180,736
Total OPEB liability - ending	\$ 457,127	\$ 512,473	\$ 348,498	\$ 278,621	\$ 180,736	\$ 246,389
Covered payroll	\$ 2,056,493	\$ 2,107,905	\$ 2,160,603	\$ 2,214,618	\$ 2,269,983	\$ 2,326,733
Total OPEB liability as a percentage of covered payroll	22.23%	24.31%	16.13%	12.58%	7.96%	10.59%

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.

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		Actual	Positive (Negative) Variance With Final Budget
	Original	Final		
Revenues:				
Member contributions	\$ 4,320,308	\$ 4,320,308	\$ 4,320,308	\$ -
Program	967,042	967,042	1,136,180	169,138
Grants and contributions	297,803	297,803	254,510	(43,293)
Interest income	100,000	100,000	147,651	47,651
Forgives of IRS penalties	-	-	60,180	60,180
Total revenues	<u>5,685,153</u>	<u>5,685,153</u>	<u>5,918,829</u>	<u>233,676</u>
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	3,050,263	3,050,263	3,310,060	(259,797)
Liability/Audit/IMRF	502,822	502,822	480,113	22,709
ADA Compliance	428,891	428,891	736,842	(307,951)
Debt service:				
Principal	-	-	11,233	(11,233)
Interest	-	-	1,030	(1,030)
Capital outlay	856,861	856,861	524,749	332,112
Total expenditures	<u>6,558,686</u>	<u>6,558,686</u>	<u>6,767,873</u>	<u>(209,187)</u>
Revenues under expenditures before other financing sources	<u>(873,533)</u>	<u>(873,533)</u>	<u>(849,044)</u>	<u>24,489</u>
Other financing sources:				
Proceeds from sale of capital assets	16,675	16,675	1,435	(15,240)
Total other financing sources	<u>16,675</u>	<u>16,675</u>	<u>1,435</u>	<u>(15,240)</u>
Net changes in fund balance	<u>\$ (856,858)</u>	<u>\$ (856,858)</u>	<u>(847,609)</u>	<u>\$ 9,249</u>
Fund balance - beginning			<u>3,964,515</u>	
Fund balance - ending			<u>\$ 3,116,906</u>	

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OTHER SUPPLEMENTARY INFORMATION

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

	Budget		Actual	Positive (Negative) Variance With Final Budget
	Original	Final		
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	2,360,499	96,974
Part-time	583,210	583,210	918,133	(334,923)
Payroll processing	1,780	1,780	23,928	(22,148)
Car allowance	7,800	7,800	7,500	300
Total salary	3,050,263	3,050,263	3,310,060	(259,797)

(cont'd)

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

	Budget		Actual	Positive (Negative) Variance With Final Budget
	Original	Final		
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	294,926	(18,695)
IMRF	130,706	130,706	98,334	32,372
Total liability/audit/IMRF	502,822	502,822	480,113	22,709
ADA compliance	428,891	428,891	736,842	(307,951)
Total Special Recreation	5,701,825	5,701,825	6,230,861	(529,036)
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	\$ 6,767,873	\$ (209,187)

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