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**Northwest Special Recreation Association
Virtual Finance Committee Meeting
May 26, 2021
9:300 a.m. via Zoom
<https://zoom.us/j/95276187503>
Call in number: 1 (312) 626-6799
Meeting ID: 952 7618 7503**

Agenda

1. Portfolio Status
2. Audit Presentation

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May 12, 2021

Members of the Board of Trustees
Northwest Special Recreation Association
Rolling Meadows, Illinois

We have audited the financial statements of the Northwest Special Recreation Association (Association), Illinois for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 12, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Association are described in the Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2020. 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 management 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 estimate affecting the financial statements was:

Management's estimate of the depreciation expense on capital assets is based on assumed useful lives of the underlying capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures 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.

Significant Audit Findings – Continued

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Any material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 12, 2021.

Management Consultations with Other Independent Auditors

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 the Association'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

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Other Matters – Continued

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the 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.

Restrictions on Use

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

We wish to express our gratitude to the Board of Trustees and staff (in particular the Finance Department) of the Northwest Special Recreation Association, Illinois for their valuable cooperation throughout the audit engagement.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

**NORTHWEST SPECIAL RECREATION
ASSOCIATION, ILLINOIS**

ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020**

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

May 12, 2021

Members of the Board of Trustees
Northwest Special Recreation Association
Rolling Meadows, Illinois

We have audited the accompanying financial statements and the discretely presented component unit of the Northwest Special Recreation Association, Illinois, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and discretely presented component unit of the Northwest Special Recreation Association, Illinois, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northwest Special Recreation Association, Illinois' basic financial statements. The other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Management's Discussion and Analysis December 31, 2020

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, 2020. Please read it in conjunction with the financial statements which can be found in the financial section of this report.

FINANCIAL HIGHLIGHTS

- The Association's net position increased as a result of this year's operations by \$388,799 or 7.3 percent.
- During the year, government-wide revenues totaled \$5,016,070, while expenses totaled \$4,627,271, resulting in the increase to net position of \$388,799.
- The Association's net position totaled \$5,735,086 at December 31, 2020, which included \$4,224,012 unrestricted net position that may be used to meet the ongoing obligations to participants and creditors.
- At the fund level, a surplus was reported this year of \$619,244, resulting in ending fund balance of \$5,564,585, an increase of 12.5 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 (which can be found in the financial section of this report) provide information about the activities of the Association as a whole and present a longer-term view of the Association's finances. Fund financial statements which can be found in the financial section of this report. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Association's operations in more detail than the government-wide statements.

Government-Wide Financial Statements

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

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Management's Discussion and Analysis December 31, 2020

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

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

Fund Financial Statements

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

Governmental Funds

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

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

The basic governmental fund financial statements can be found in the financial section of this report.

Notes to the Financial Statements

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Management's Discussion and Analysis December 31, 2020

USING THIS ANNUAL REPORT – Continued

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Association, assets/deferred outflows exceeded liabilities/deferred inflows by \$5,735,086.

	Net Position	
	2020	2019
Current Assets	\$ 5,847,511	5,252,276
Capital Assets	1,511,074	1,564,103
Total Assets	7,358,585	6,816,379
Deferred Outflows	434,705	1,675,230
Total Assets/ Deferred Outflows	7,793,290	8,491,609
Long-Term Debt	979,505	2,105,132
Other Liabilities	295,709	312,730
Total Liabilities	1,275,214	2,417,862
Deferred Inflows	782,990	727,460
Total Liabilities/ Deferred Inflows	2,058,204	3,145,322
Net Position		
Net Investment in Capital Assets	1,511,074	1,564,103
Unrestricted	4,224,012	3,782,184
Total Net Position	5,735,086	5,346,287

A portion of the Association's net position, \$1,511,074 or 26.3 percent, reflects its investment in capital assets (for example, building, building improvements, 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 73.7 percent, or \$4,224,012, 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 Discussion and Analysis December 31, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position	
	2020	2019
Revenues		
Program Revenues		
Charges for Services	\$ 433,363	974,774
Operating Grants/Contrib.	178,842	215,676
Capital Grants/Contrib.	33,065	141,020
General Revenues		
Member Contributions	4,320,307	4,277,532
Interest Income	50,493	129,025
Total Revenues	5,016,070	5,738,027
Expenses		
Special Recreation	4,627,271	5,671,736
Change in Net Position	388,799	66,291
Net Position - Beginning	5,346,287	5,279,996
Net Position - Ending	5,735,086	5,346,287

Net position of the Association increased by 7.3 percent (\$5,346,287 in 2019 compared to \$5,735,086 in 2020). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$4,224,012 at December 31, 2020.

Revenues for 2020 totaled \$5,016,070, while the cost of all programs totaled \$4,627,271. This results in a surplus of \$388,799. In 2019, revenues of \$5,738,027 exceeded expenses of \$5,671,736, resulting in a surplus of \$66,291. The Association reported decreases in charges for services, operating and capital contributions, and interest income for the year. Expenses for the 2020 fiscal year decreased \$1,044,465, due to lower expenses related to the COVID-19 pandemic and the State-wide shutdown of programs and events.

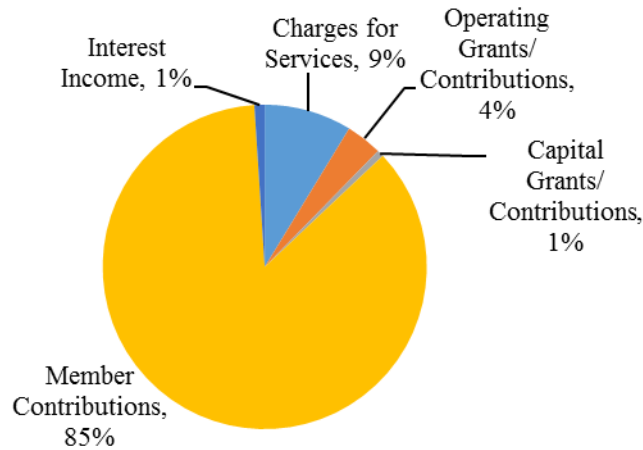
NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Management's Discussion and Analysis December 31, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

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

Revenues by Source - Governmental Activities



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 \$5,564,585 which is \$619,244, or 12.5 percent, higher than last year's total of \$4,945,341. Of the \$5,564,585 total, \$1,260,265, or approximately 22.6 percent, of the fund balance constitutes unassigned fund balance.

The Association reported a positive change in fund balance for the year due to revenues coming in higher than expenditures in the current year. All expenditures came in below budget, except for program and safety. The Association was able to control costs during the year. These numbers are further outlined on the Schedule of Revenues, Expenditures and Changes in Fund Balance.

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Management’s Discussion and Analysis
December 31, 2020**

BUDGETARY HIGHLIGHTS

The Association made budget amendments during the year. Actual revenues for the year totaled \$5,016,070, compared to budgeted revenues of \$5,009,040. Programs and grants and contributions came in above budgeted amounts of \$7,995 and \$9,729, respectively. Interest income came in below budgeted amount of \$10,694.

Actual expenditures for the year were \$120,400 higher than budgeted (\$4,396,826 actual compared to \$4,276,426 budgeted) due primarily to administration, program, salary, and liability/audit/IMRF costs being higher than anticipated.

CAPITAL ASSETS

The Association’s investment in capital assets as of December 31, 2020 was \$1,511,032 (net of accumulated depreciation). This investment in capital assets includes building, building improvements, parking lot, furniture and equipment, and vehicles.

	Capital Assets - Net of Depreciation	
	2020	2019
Building	\$ 644,678	664,798
Building Improvements	181,667	195,802
Parking Lot	23,163	26,749
Furniture and Equipment	435,829	395,602
Vehicles	225,737	281,152
Total	1,511,074	1,564,103

The Association had the following capital asset additions for the year:

Furniture and Equipment	<u>\$ 97,363</u>
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Additional information on the Association’s capital assets can be found in Note 3 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the Association’s operations and financial position cannot be determined.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Association’s finances for all those with an interest in the Association’s finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Office of the Executive Director, 3000 W Central Road, Rolling Meadows, IL 60008.

BASIC FINANCIAL STATEMENTS

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Statement of Net Position
December 31, 2020**

	Governmental Activities	Component Unit Special Leisure Services Foundation
ASSETS		
Current Assets		
Cash and Investments	\$ 5,749,366	1,483,917
Receivables - Net of Allowances	68,115	3,290
Prepays	30,030	3,436
	<hr/>	<hr/>
Total Current Assets	5,847,511	1,490,643
Noncurrent Assets		
Capital Assets		
Depreciable Capital Assets	3,409,466	-
Accumulated Depreciation	(1,898,392)	-
	<hr/>	<hr/>
Total Noncurrent Assets	1,511,074	-
	<hr/>	<hr/>
Total Assets	7,358,585	1,490,643
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Items - IMRF	434,705	-
	<hr/>	<hr/>
Total Assets and Deferred Outflows of Resources	7,793,290	1,490,643
	<hr/>	<hr/>

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

	Governmental Activities	Component Unit Special Leisure Services Foundation
LIABILITIES		
Current Liabilities		
Accounts Payable	158,711	-
Accrued Payroll	32,160	-
Other Payables	92,055	-
Compensated Absences	12,783	-
Total Current Liabilities	<u>295,709</u>	<u>-</u>
Noncurrent Liabilities		
Compensated Absences	92,435	-
Net Pension Liability - IMRF	538,572	-
Total OPEB Liability - RBP	348,498	-
Total Noncurrent Liabilities	<u>979,505</u>	<u>-</u>
Total Liabilities	1,275,214	-
DEFERRED INFLOWS OF RESOURCES		
Deferred Items - IMRF	782,990	-
Total Liabilities and Deferred Inflows of Resources	<u>2,058,204</u>	<u>-</u>
NET POSITION		
Investment in Capital Assets	1,511,074	-
Restricted - Foundation	-	9,108
Unrestricted	4,224,012	1,481,535
Total Net Position	<u>5,735,086</u>	<u>1,490,643</u>

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Statement of Activities

For the Fiscal Year Ended December 31, 2020

	Program Revenues		
	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Expenses			
Governmental Activities			
Special Recreation	\$ 4,627,271	433,363	178,842
Component Unit			
Special Leisure Services Foundation	766,089	193,975	488,803

General Revenues
 Member Contributions
 Interest Income

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expenses)/ Revenues	Component Unit Special Leisure Services Foundation
(3,982,001)	-
-	(83,311)
4,320,307	-
50,493	124,103
4,370,800	124,103
388,799	40,792
5,346,287	1,449,851
5,735,086	1,490,643

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Balance Sheet - Governmental Fund
December 31, 2020**

ASSETS	
Cash and Investments	\$ 5,749,366
Receivables - Net of Allowances	
Accounts	68,115
Prepays	<u>30,030</u>
 Total Assets	 <u><u>5,847,511</u></u>
 LIABILITIES	
Accounts Payable	158,711
Accrued Payroll	32,160
Other Payables	<u>92,055</u>
Total Liabilities	<u><u>282,926</u></u>
 FUND BALANCES	
Nonspendable	30,030
Assigned	3,552,825
Committed	721,465
Unassigned	<u>1,260,265</u>
Total Fund Balances	<u><u>5,564,585</u></u>
 Total Liabilities and Fund Balances	 <u><u>5,847,511</u></u>

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities
December 31, 2020**

Total Governmental Fund Balances	\$ 5,564,585
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.	1,511,074
Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF	(348,285)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(105,218)
Net Pension Liability - IMRF	(538,572)
Total OPEB Liability - RBP	<u>(348,498)</u>
Net Position of Governmental Activities	<u><u>5,735,086</u></u>

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund
For the Fiscal Year Ended December 31, 2020**

Revenues	
Member Contributions	\$ 4,320,307
Program	433,363
Grants and Contributions	211,907
Interest Income	50,493
Total Revenues	<u>5,016,070</u>
Expenditures	
Special Recreation	
Administration	798,850
Program	347,250
Salary	2,139,934
Liability/Audit/IMRF	495,285
ADA Compliance	110,590
Capital Outlay	504,917
Total Expenditures	<u>4,396,826</u>
Net Change in Fund Balance	619,244
Fund Balance - Beginning	<u>4,945,341</u>
Fund Balance - Ending	<u><u>5,564,585</u></u>

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

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

For the Fiscal Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 619,244

Amounts reported for governmental activities in the Statement of Activities
are different because:

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

Capital Outlay	64,298
Capital Contributions	33,065
Depreciation Expense	(150,140)
Disposals - Cost	(1,516)
Disposals - Accumulated Depreciation	1,264

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

Change in Deferred Items - IMRF	(1,296,055)
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The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Change in Compensated Absences	(14,557)
Change in Net Pension Liability - IMRF	969,221
Change in Total OPEB Liability - RBP	163,975

Change in Net Position of Governmental Activities 388,799

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Notes to the Financial Statements December 31, 2020

NOTE 1 – 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.

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. 39 but do not meet the criteria for blending.

Special Leisure Services Foundation.

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. Separate financial statements of the Association are available by contacting the Administrative Office of the Northwest Special Recreation Association, 3000 W Central Road, Rolling Meadows, IL 60008.

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 December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

The government-wide Statement of Activities reports both the gross and net cost of the Association's special recreation function, which is supported by general revenues (member contributions, interest income and miscellaneous revenue). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating 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.

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 December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

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.

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

Cash and Investments

For the purpose of the Statement of Net Position, 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
December 31, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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 fess, 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. Prepays are valued at cost, which approximates market, 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 - 20 Years
Vehicles	8 - 15 Years

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Notes to the Financial Statements December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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, as a result 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.

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Net Position

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

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

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 Trustees.

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2020**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

EXPENDITURES OVER BUDGET IN INDIVIDUAL FUND

The following fund had an excess of expenditures over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
General	\$ 120,400

NOTE 3 – DETAIL NOTES ON THE ASSOCIATION

DEPOSITS AND INVESTMENTS

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

The Illinois Park District Liquid Asset Fund allows Illinois park districts, forest preserves and joint recreational programs to pool their funds for investment purposes. The Illinois Park District Liquid Asset Fund is composed of finance officials and treasurers all of whom are employees of the Illinois public agencies, which are investors in the Illinois Park District Liquid Asset Fund. The Illinois Park District Liquid Asset Fund is not registered with the SEC as an Investment Company. Investments in the Illinois Park District Liquid Asset Fund are valued at the share price, the price for which the investment could be sold.

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

At year-end, the carrying amount of the Association’s deposits totaled \$5,523,691 and the bank balances totaled \$5,549,073. Additionally, at year-end, the Association has \$225,675 invested in the Illinois Park District Liquid Asset Fund, which has an average maturity of less than one year.

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).

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Notes to the Financial Statements December 31, 2020

NOTE 3 – DETAIL NOTES ON THE ASSOCIATION – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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, 2020, 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, 2020, the Association’s investment in the Illinois Park District Liquid Asset Fund was not subject to custodial credit risk.

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.

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
December 31, 2020**

NOTE 3 – DETAIL NOTES ON THE ASSOCIATION – Continued

CAPITAL ASSETS

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

	Beginning Balances	Increases	Decreases	Ending Balances
Depreciable Capital Assets				
Building	\$ 1,006,000	-	-	1,006,000
Building Improvements	337,019	-	-	337,019
Parking Lot	71,730	-	-	71,730
Furniture and Equipment	637,845	97,363	1,516	733,692
Vehicles	1,261,025	-	-	1,261,025
	<u>3,313,619</u>	<u>97,363</u>	<u>1,516</u>	<u>3,409,466</u>
Less Accumulated Depreciation				
Building	341,202	20,120	-	361,322
Building Improvements	141,217	14,135	-	155,352
Parking Lot	44,981	3,586	-	48,567
Furniture and Equipment	242,243	56,884	1,264	297,863
Vehicles	979,873	55,415	-	1,035,288
	<u>1,749,516</u>	<u>150,140</u>	<u>1,264</u>	<u>1,898,392</u>
Total Net Capital Assets	<u>1,564,103</u>	<u>(52,777)</u>	<u>252</u>	<u>1,511,074</u>

Depreciation expense of \$150,140 was charged to the special recreation function.

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2020**

NOTE 3 – DETAIL NOTES ON THE ASSOCIATION – Continued

LONG-TERM DEBT

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Compensated Absences	\$ 90,661	29,114	14,557	105,218	12,783
Net Pension Liability - IMRF	1,507,793	-	969,221	538,572	-
Total OPEB Liability - RBP	512,473	-	163,975	348,498	-
	<u>2,110,927</u>	<u>29,114</u>	<u>1,147,753</u>	<u>992,288</u>	<u>12,783</u>

For the governmental activities, the compensated absences, the net pension liability and the total OPEB liability are liquidated by the General Fund.

FUND BALANCES/NET POSITION

Fund Balance Classifications

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

Fund Balances	
Nonspendable	
Prepays	<u>\$ 30,030</u>
Assigned	<u>3,552,825</u>
Committed	<u>721,465</u>
Unassigned	<u>1,260,265</u>
Total Fund Balances	<u><u>5,564,585</u></u>

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Notes to the Financial Statements December 31, 2020

NOTE 3 – DETAIL NOTES ON THE ASSOCIATION – Continued

FUND BALANCES/NET POSITION – Continued

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.

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 Trustees; 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 Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees 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 Trustees, 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 25% of annual expenses and committed fund balance should represent three years rolling average of total budgeted capital expenditures.

Net Position Classifications

Net investment in capital assets was comprised of the following as of December 31, 2020:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	<u>\$ 1,511,074</u>

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Notes to the Financial Statements December 31, 2020

NOTE 4 – OTHER INFORMATION

MEMBER CONTRIBUTIONS

Contributions received from members during the 2020 fiscal year were:

Members	Amounts
Arlington Heights Park District	\$ 568,479
Bartlett Park District	249,650
Buffalo Grove Park District	331,163
Elk Grove Park District	315,019
Hanover Park Park District	152,967
Hoffman Estates Park District	307,468
Inverness Park District	42,440
Mount Prospect Park District	351,983
Palatine Park District	484,241
Prospect Heights Park District	80,293
River Trails Park District	104,738
Rolling Meadows Park District	132,629
Salt Creek Rural Park District	36,991
Schaumburg Park District	668,986
South Barrington Park District	83,763
Streamwood Park District	179,079
Wheeling Park District	230,418
	<u>4,320,307</u>

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2020**

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT

Park District Risk Management Agency (PDRMA)

The Association is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and net income losses. Since June 1, 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. The following table is a summary of the coverage in effect for the period January 1, 2020 through January 1, 2021:

Coverage	Member Deductible	PDRMA Self-Insured Retention	Limits
PROPERTY			
Property/Bldg/Contents			
All Losses Per Occurrence	\$1,000	\$1,000,000	\$1,000,000,000/All Members
All Losses Annual Aggregate		\$3,000,000	
Flood/Except Zones A & V	\$1,000	\$1,000,000	\$250,000,000/Occurrence/Annual Aggregate
Flood, Zones A & V	\$1,000	\$1,000,000	\$200,000,000/Occurrence/Annual Aggregate
Earthquake Shock	\$1,000	\$100,000	\$100,000,000/Occurrence/Annual Aggregate
Auto Physical Damage			
Comprehensive and Collision	\$1,000	\$1,000,000	Included
Course of Construction/Builders Risk	\$1,000	Included	\$25,000,000
Business Interruption, Rental			
Income, Tax Income Combined	\$1,000		\$100,000,000/Reported Values
			\$500,000/\$2,500,000/Non-Reported Values
Service Interruption	24 Hours	N/A	\$25,000,000
Boiler and Machinery			\$100,000,000 Equipment Breakdown
Property Damage	\$1,000	\$9,000	Property Damage - Included
Business Income	48 Hours	N/A	Included
Fidelity and Crime	\$1,000	\$24,000	\$2,000,000/Occurrence
Seasonal Employees	\$1,000	\$9,000	\$1,000,000/Occurrence
Blanket Bond	\$1,000	\$24,000	\$2,000,000/Occurrence
WORKERS COMPENSATION			
Workers Compensation	N/A	\$500,000	Statutory
Employers Liability		\$500,000	\$3,500,000 Employers Liability

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2020**

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Park District Risk Management Agency (PDRMA) – Continued

Coverage	Member Deductible	PDRMA Self-Insured Retention	Limits
LIABILITY			
General	None	\$500,000	\$21,500,000/Occurrence
Auto Liability	None	\$500,000	\$21,500,000/Occurrence
Employment Practices	None	\$500,000	\$21,500,000/Occurrence
Public Officials' Liability	None	\$500,000	\$21,500,000/Occurrence
Law Enforcement Liability	None	\$500,000	\$21,500,000/Occurrence
Uninsured/Underinsured Motorists	None	\$500,000	\$1,000,000/Occurrence
POLLUTION LIABILITY			
Liability - Third Party	None	\$25,000	\$5,000,000/Occurrence
Property - First Party	\$1,000	\$24,000	\$30,000,000 3 Year Aggregate
OUTBREAK EXPENSE			
Outbreak Expense	24 Hours	N/A	\$15,000 per Day
			\$1,000,000 Aggregate Policy Limit
INFORMATION SECURITY AND PRIVACY INSURANCE WITH ELECTRONIC MEDIA			
LIABILITY COVERAGE			
Breach Response	\$1,000	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
Business Interruption	8 Hours	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
Business Interruption due to			
System Failure	8 Hours	\$100,000	\$250,000/Occurrence/Annual Aggregate
Dependent Business Loan	8 Hours	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
Liability	\$1,000	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
eCrime	\$1,000	\$100,000	\$50,000/Occurrence/Annual Aggregate
Criminal Reward	\$1,000	\$100,000	\$50,000 Hourly Sublimit/\$50,000 Forensic
			Exp./\$150,000 Dependent Bus. Interruption
DEADLY WEAPON RESPONSE			
Liability	\$1,000	\$9,000	\$500,000/Occurrence/\$2,500,000 Annual Aggregate
First Party Property	\$1,000	\$9,000	\$250,000/Occurrence as part of overall limit
Crisis Management Services	\$1,000	\$9,000	\$250,000/Occurrence as part of overall limit
Counseling/Funeral Expenses	\$1,000	\$9,000	\$250,000/Occurrence as part of overall limit
Medical Expenses	\$1,000	\$9,000	\$25,000/person/\$500,000 Annual Aggregate
AD&D	\$1,000	\$9,000	\$25,000/person/\$500,000 Annual Aggregate
VOLUNTEER MEDICAL ACCIDENT			
Volunteer Medical Accident	None	\$5,000	\$5,000 Medical Expense and AD&D
			Excess of any other Collectible Insurance
UNDERGROUND STORAGE TANK LIABILITY			
Underground Storage Tank Liability	None	N/A	\$10,000, Follows Illinois Leaking
			Underground Tank Fund
UNEMPLOYMENT COMPENSATION			
Unemployment Compensation	N/A	N/A	Statutory

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Notes to the Financial Statements December 31, 2020

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Park Association Risk Management Agency (PDRMA) – Continued

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.

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, 2019 and the statement of revenues and expenses for the period ending December 31, 2019:

Assets	\$70,609,234
Deferred Outflows of Resources – Pension	2,207,181
Liabilities	23,059,101
Deferred Inflows of Resources – Pension	404,213
Total Net Pension	49,353,101
Operating Revenues	19,983,615
Nonoperating Revenues	6,014,647
Expenditures	20,463,511

The Association's portion of the overall equity in the pool is 0.564% or \$278,499.

Since 98.39% 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
December 31, 2020**

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

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 \$250,000. Until January 1, 2001 the PDRMA Health Program was a separate legal entity formerly known as the Illinois Park Employees Health Network (IPEHN).

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

As a member of the PDRMA Health Program, the 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, 2019 and the statement of revenues and expenses for the period ending December 31, 2019:

Assets	\$26,084,474
Deferred Outflows of Resources – Pension	933,533
Liabilities	6,616,310
Deferred Inflows of Resources – Pension	173,234
Total Net Pension	20,228,463
Operating Revenues	36,581,515
Nonoperating Revenues	2,343,640
Expenditures	36,884,494

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 December 31, 2020

NOTE 4 – OTHER INFORMATION – Continued

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.

Financial Impact from COVID-19

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the Association's operations and financial position cannot be determined.

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.

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Notes to the Financial Statements December 31, 2020

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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).

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

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

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2020**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Plan Membership. As of December 31, 2019, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	23
Inactive Plan Members Entitled to but not yet Receiving Benefits	61
Active Plan Members	<u>44</u>
 Total	 <u><u>128</u></u>

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 year-ended December 31, 2019 the Association’s contribution was 9.31% of covered payroll.

Net Pension Liability. The Association’s net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2019, using the following actuarial methods and assumptions:

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2019, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.35% - 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2020**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	28.00%	3.25%
Domestic Equities	37.00%	5.75%
International Equities	18.00%	6.50%
Real Estate	9.00%	5.20%
Blended	7.00%	3.60% - 7.60%
Cash and Cash Equivalents	1.00%	1.85%

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2020**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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 period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 2,144,154	538,572	(739,990)

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2020**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ 11,817,156	10,309,363	1,507,793
Changes for the Year:			
Service Cost	202,871	-	202,871
Interest on the Total Pension Liability	848,245	-	848,245
Difference Between Expected and Actual Experience of the Total Pension Liability	(281,166)	-	(281,166)
Change of Assumptions	-	-	-
Contributions - Employer	-	198,553	(198,553)
Contributions - Employees	-	95,971	(95,971)
Net Investment Income	-	1,861,228	(1,861,228)
Benefit Payments, including Refunds of Employee Contributions	(437,325)	(437,325)	-
Other (Net Transfer)	-	(416,581)	416,581
Net Changes	332,625	1,301,846	(969,221)
Balances at December 31, 2019	12,149,781	11,611,209	538,572

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

For the year ended December 31, 2020, the Association recognized pension expense of \$525,387. At December 31, 2020, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2020**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 14,052	(235,152)	(221,100)
Change in Assumptions	180,362	(84,551)	95,811
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	-	(463,287)	(463,287)
Total Pension Expense to be			
Recognized in Future Periods	194,414	(782,990)	(588,576)
Pension Contributions Made Subsequent to the Measurement Date	240,291	-	240,291
Total Deferred Amounts Related to IMRF	434,705	(782,990)	(348,285)

\$240,291 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended December 31, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflow) of Resources
2021	\$ (192,873)
2022	(142,020)
2023	(15,244)
2024	(238,439)
2025	-
Thereafter	-
Totals	(588,576)

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Notes to the Financial Statements December 31, 2020

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

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

Plan Membership. As of December 31, 2020, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	1
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>36</u>
Total	<u><u>37</u></u>

Total OPEB Liability

The Association’s total OPEB liability was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Notes to the Financial Statements December 31, 2020

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Total OPEB Liability – Continued

Actuarial Assumptions and Other Inputs – Continued.

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	2.12%
Healthcare Cost Trend Rates	The initial trend rate is based on the 2021 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 General Obligation Municipal Bond Rate as of December 30, 2020.

Mortality rates were based on the RP-2014 study, with Blue Collar adjustment. These rates are improved generationally using MP-2016 Improvement Rates

Change in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at December 31, 2019	\$ 512,473
Changes for the Year:	
Service Cost	10,840
Interest on the Total Pension Liability	13,289
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(189,190)
Changes of Assumptions or Other Inputs	56,014
Benefit Payments	<u>(54,928)</u>
Net Changes	<u>(163,975)</u>
Balance at December 31, 2020	<u>348,498</u>

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2020**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using a Single Discount Rate of 2.12%, while the prior valuation used 2.74%. The following presents the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
Total OPEB Liability	\$ 426,787	348,498	288,803

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using a Healthcare Trend as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 287,773	348,498	426,488

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, 2020, the Association recognized OPEB revenue of \$109,047.

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Notes to the Financial Statements
December 31, 2020**

NOTE 4 – OTHER INFORMATION – Continued

PREPAID RENT AND RENT EXPENSE

The agreement entered on April 1, 2017 with Rolling Meadows Park District to lease programming and office space for April 1, 2017 to March 31, 2020, has ended and the prepaid lease balance is zero as of December 31, 2020.

The Prepaid Lease account currently has a balance of \$30,000, which includes two lease agreements, six months each: Wheeling Park District, \$2,500 per month, paid semi-annually \$15,000, and Buffalo Grove Park District, \$2,500 per month, paid semi-annually \$15,000.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Notes to the Required Supplementary Information

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Employer Contributions

December 31, 2020

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 248,478	\$ 249,289	\$ 811	\$ 1,921,715	12.97%
2015	258,410	258,410	-	1,947,331	13.27%
2016	256,819	256,819	-	1,923,745	13.35%
2017	270,802	270,802	-	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%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Payroll (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012)

Note:

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability

December 31, 2020

	<u>12/31/14</u>
Total Pension Liability	
Service Cost	\$ 214,433
Interest	630,905
Differences Between Expected and Actual Experience	85,847
Change of Assumptions	234,615
Benefit Payments, Including Refunds of Member Contributions	<u>(284,835)</u>
Net Change in Total Pension Liability	880,965
Total Pension Liability - Beginning	<u>8,447,270</u>
 Total Pension Liability - Ending	 <u><u>9,328,235</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 249,289
Contributions - Members	86,890
Net Investment Income	497,239
Benefit Payments, Including Refunds of Member Contributions	<u>(284,835)</u>
Administrative Expense	44,863
Net Change in Plan Fiduciary Net Position	593,446
Plan Net Position - Beginning	<u>8,125,789</u>
 Plan Net Position - Ending	 <u><u>8,719,235</u></u>
 Employer's Net Pension Liability	 <u><u>\$ 609,000</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 93.47%
 Covered Payroll	 \$ 1,921,715
 Employer's Net Pension Liability as a Percentage of Covered Payroll	 31.69%

Note:

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

12/31/15	12/31/16	12/31/17	12/31/18	12/31/19
200,686	189,383	197,294	185,937	202,871
695,179	750,145	783,706	807,875	848,245
168,795	(144,140)	20,944	14,511	(281,166)
-	-	(274,295)	344,596	-
(319,054)	(333,210)	(370,505)	(428,926)	(437,325)
745,606	462,178	357,144	923,993	332,625
9,328,235	10,073,841	10,536,019	10,893,163	11,817,156
10,073,841	10,536,019	10,893,163	11,817,156	12,149,781
258,410	256,819	270,802	251,781	198,553
87,630	86,569	90,267	93,483	95,971
43,664	610,206	1,575,401	(502,079)	1,861,228
(319,054)	(333,210)	(370,505)	(428,926)	(437,325)
(57,394)	31,587	(197,524)	142,201	(416,581)
13,256	651,971	1,368,441	(443,540)	1,301,846
8,719,235	8,732,491	9,384,462	10,752,903	10,309,363
8,732,491	9,384,462	10,752,903	10,309,363	11,611,209
1,341,350	1,151,557	140,260	1,507,793	538,572
86.68%	89.07%	98.71%	87.24%	95.57%
1,947,331	1,923,745	2,005,934	2,077,397	2,132,686
68.88%	59.86%	6.99%	72.58%	25.25%

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Retiree Benefit Plan

**Required Supplementary Information
Schedule of Changes in the Employer's Total OPEB Liability
December 31, 2020**

	2018	2019	2020
Total OPEB Liability			
Service Cost	\$ 9,801	9,478	10,840
Interest	16,997	17,669	13,289
Differences Between Expected and Actual Experience	-	-	(189,190)
Change of Assumptions or Other Inputs	(36,365)	80,208	56,014
Benefit Payments	(53,998)	(52,009)	(54,928)
Other Changes	-	-	-
Net Change in Total OPEB Liability	(63,565)	55,346	(163,975)
Total OPEB Liability - Beginning	520,692	457,127	512,473
Total OPEB Liability - Ending	457,127	512,473	348,498
Covered Payroll	\$ 2,056,493	2,107,905	2,160,603
Total OPEB Liability as a Percentage of Covered Payroll	22.23%	24.31%	16.13%

Notes:

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

Changes of Assumptions. Changes of assumptions related to the discount rate were made in 2018, 2019 and 2020.

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Member Contributions	\$ 4,320,307	4,320,307	4,320,307	-
Program	1,060,791	425,368	433,363	7,995
Grants and Contributions	287,500	202,178	211,907	9,729
Interest Income	105,660	61,187	50,493	(10,694)
Total Revenues	<u>5,774,258</u>	<u>5,009,040</u>	<u>5,016,070</u>	<u>7,030</u>
Expenditures				
Special Recreation				
Administration	888,469	740,718	798,850	(58,132)
Program	705,279	319,777	347,250	(27,473)
Salary	2,711,158	1,761,468	2,139,934	(378,466)
Liability/Audit/IMRF	615,026	412,113	495,285	(83,172)
ADA Compliance	488,408	157,983	110,590	47,393
Capital Outlay	858,987	884,367	504,917	379,450
Total Expenditures	<u>6,267,327</u>	<u>4,276,426</u>	<u>4,396,826</u>	<u>(120,400)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(493,069)	732,614	619,244	(113,370)
Other Financing Sources				
Disposal of Capital Assets	<u>1,250</u>	-	-	-
Net Change in Fund Balance	<u>(491,819)</u>	<u>732,614</u>	619,244	<u>(113,370)</u>
Fund Balance - Beginning			<u>4,945,341</u>	
Fund Balance - Ending			<u><u>5,564,585</u></u>	

OTHER SUPPLEMENTARY INFORMATION

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Special Recreation				
Administration				
Professional Fees	\$ 18,190	15,480	23,380	(7,900)
Office Supplies	5,360	5,507	6,274	(767)
Credit Card and Bank Fees	14,450	-	10,239	(10,239)
Postage	4,700	4,708	4,640	68
Telephone/Fax	20,049	18,942	18,723	219
Conferences/Education	54,511	24,209	28,816	(4,607)
Membership Dues	29,308	20,935	21,858	(923)
Health Insurance	424,140	360,388	392,193	(31,805)
Maintenance/Utilities	49,235	49,068	49,880	(812)
Rent	146,486	109,203	113,833	(4,630)
Computer Contracts	122,040	132,278	129,014	3,264
Total Administration	888,469	740,718	798,850	(58,132)
Program				
Program Rental - Municipal	43,079	10,972	5,839	5,133
Program Rental - Commercial	179,195	37,597	40,461	(2,864)
Program Development	23,882	16,852	21,980	(5,128)
Program Expendable Supplies	67,016	86,305	101,723	(15,418)
Transportation - Leased	134,144	-	-	-
Transportation - Program Staff	23,000	5,905	5,905	-
Transportation - Maintenance	83,900	93,315	109,000	(15,685)
Transportation - Gasoline	73,000	14,015	14,022	(7)
Program Printing	60,760	44,919	38,749	6,170
Public Awareness	17,303	9,897	9,571	326
Total Program	705,279	319,777	347,250	(27,473)
Salary				
Participating - Full-Time	2,014,709	1,649,684	2,027,570	(377,886)
Participating - Part-Time	660,199	80,406	78,058	2,348
Payroll Processing	28,450	23,578	26,446	(2,868)
Car Allowance	7,800	7,800	7,860	(60)
Total Salary	2,711,158	1,761,468	2,139,934	(378,466)

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Special Recreation - Continued				
Liability/Audit/IMRF				
Liability/PDRMA Insurance	\$ 85,389	83,069	82,593	476
Audit	8,825	7,225	7,225	-
FICA	254,229	134,017	165,176	(31,159)
IMRF	266,583	187,802	240,291	(52,489)
Total Liability/Audit/IMRF	615,026	412,113	495,285	(83,172)
ADA Compliance	488,408	157,983	110,590	47,393
Total Special Recreation	5,408,340	3,392,059	3,891,909	(499,850)
Capital Outlay	858,987	884,367	504,917	379,450
Total Expenditures	6,267,327	4,276,426	4,396,826	(120,400)

**NORTHWEST SPECIAL RECREATION
ASSOCIATION, ILLINOIS**

MANAGEMENT LETTER

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020**



May 12, 2021

Members of the Board of Trustees
Northwest Special Recreation Association
Rolling Meadows, Illinois

In planning and performing our audit of the basic financial statements of the Northwest Special Recreation Association, Illinois, for the year ended December 31, 2020, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration, we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit fieldwork progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board of Trustees, management, and others within the Association.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Association personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the Association for the well-prepared audit package and we appreciate the courtesy and assistance given to us by the entire Association staff.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATION

1. **FUND OVER BUDGET**

Comment

During our current year-end audit procedures, we noted that the following fund had an excess of actual expenditures over budget for the fiscal year:

	<u>Fund</u>	<u>Excess</u>
I	General	\$ 120,400

Recommendation

We recommend the Association investigate the causes of the fund over budget and adopt appropriate future funding measures.

Management Response

Management acknowledges this comment and will work to correct it in the coming year.



NWSRA Investment Update

May 26, 2021

PFM Asset
Management LLC

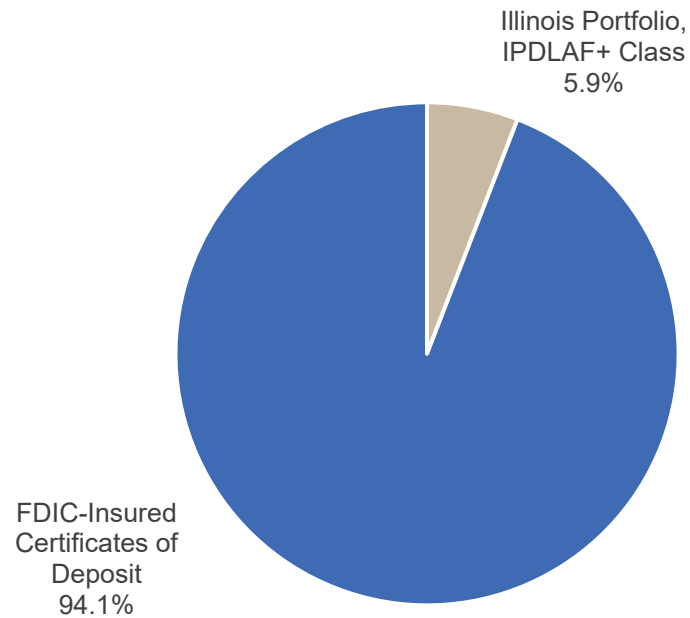
190 S LaSalle St
Suite 2000
Chicago, IL 60603

312-977-1570
pfm.com



NWSRA Investment Holdings as of April 30, 2021

Investment Type	Market Value	Yields as of 4/30/21	Yields as of 4/30/20
Illinois Portfolio, IPDLAF+ Class	\$78,780.71	0.02%	0.77%
FDIC-Insured Certificates of Deposit	\$1,265,000.00	0.20% - 2.75%	1.01% - 3.10%
Total	\$1,343,780.71		



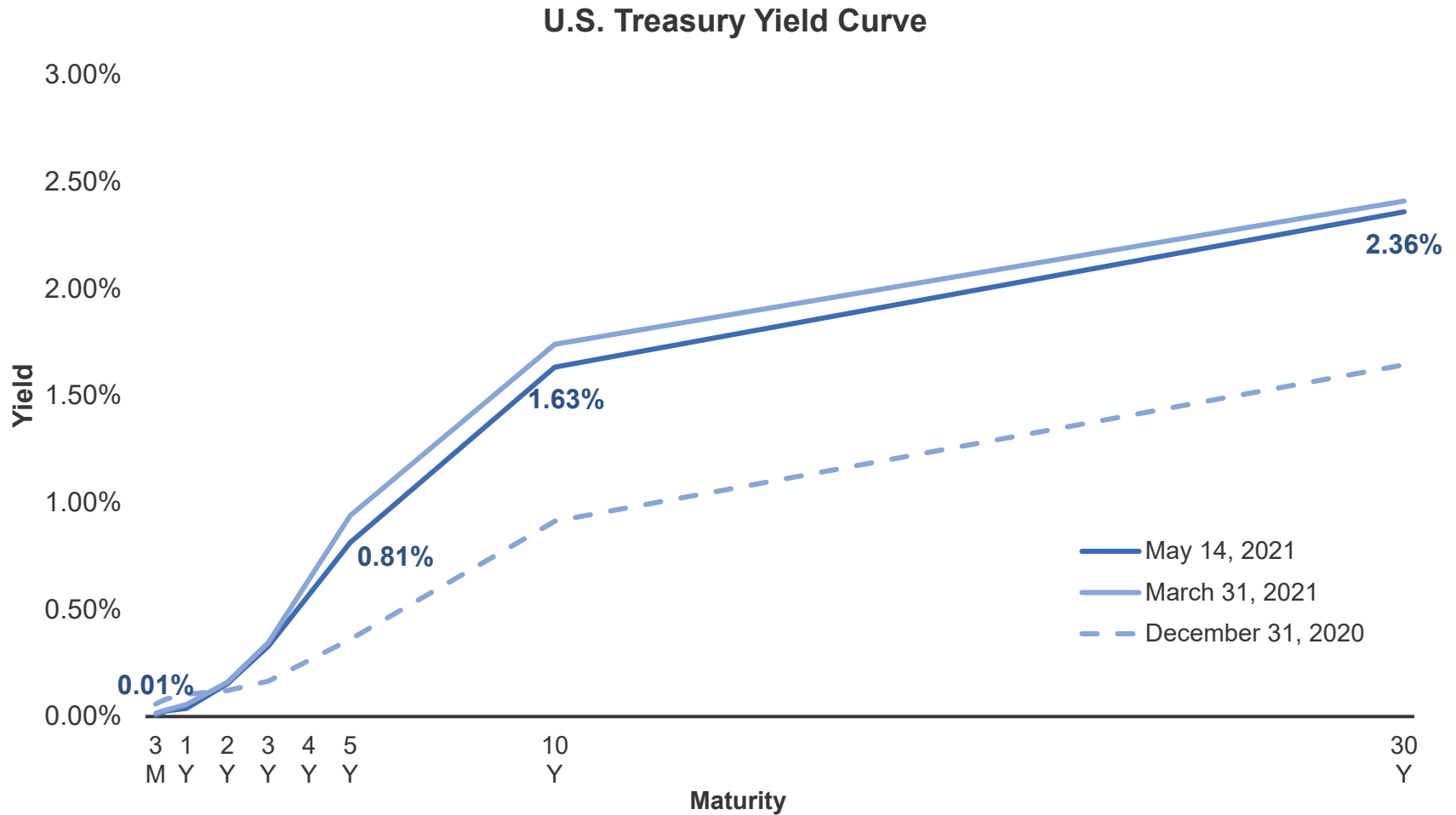


NWSRA Investment Holdings as of April 30, 2021

Institution	Settlement Date	Maturity Date	Rate	Investment Amount	Value at Maturity
First Mid-Illinois Bank & Trust, N.A., IL	6/11/2019	6/10/2021	2.75%	200,000	211,000
Third Coast Bank Ssb, TX	6/11/2019	6/10/2021	2.65%	100,000	105,300
Financial Federal Savings Bank, TN	11/17/20	08/16/21	0.20%	100,000	100,149
Cibc, MI	09/16/20	09/16/21	0.30%	150,000	150,450
Cornerstone Bank, Nebraska, NE	09/29/20	09/29/21	0.25%	100,000	100,250
Preferred Bank, CA	02/16/21	11/15/21	0.25%	210,000	210,391
Gbc International Bank, CA	01/06/21	01/06/22	0.20%	135,000	135,270
Prospect Bank, IL	03/15/21	03/15/22	0.20%	150,000	150,300
First Capital Bank, TN	04/13/21	10/11/22	0.35%	120,000	120,628
Totals				\$1,265,000	\$1,283,738



Treasury Yield Curve – Short-Term Yields Anchored While Longer Yields Higher



Source: Bloomberg, as of 5/14/2021.



“We are strongly committed . . . As long as it takes”

April

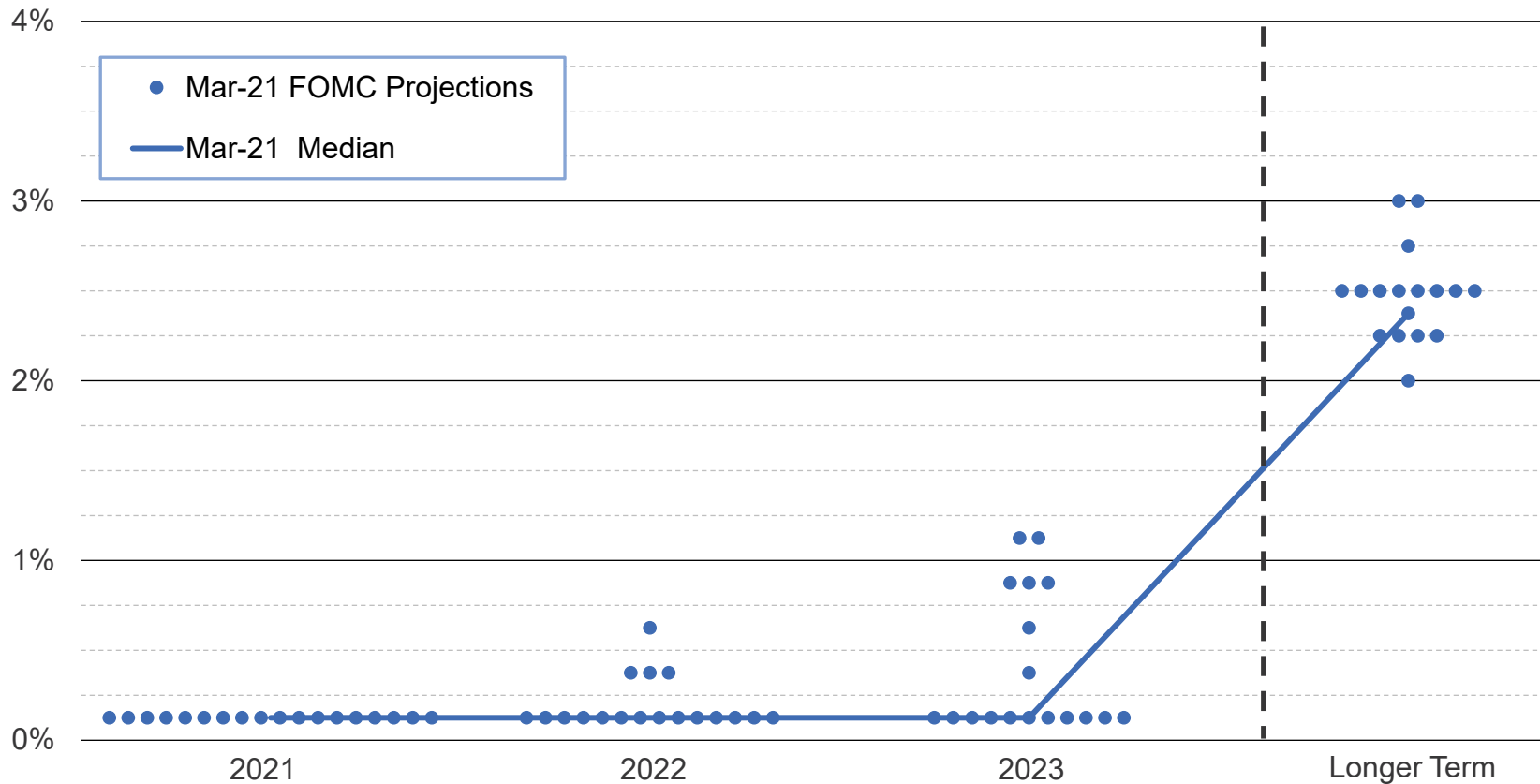
28

- Amid progress on vaccinations and strong policy support, indicators of ***economic activity and employment have strengthened***. The sectors most adversely affected by the pandemic remain weak ***but have shown improvement***.
 - ***Inflation has risen, largely reflecting transitory factors.***
 - The path of the economy **will depend significantly on the course of the virus, including progress on vaccinations**. The ongoing public health crisis continues to weigh on the economy, and **risks to the economic outlook remain**.
-
- With inflation running persistently below this longer-run goal, the Committee will aim to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over time and longer-term inflation expectations remain well anchored at 2 percent. **The Committee expects to maintain an accommodative stance of monetary policy until these outcomes are achieved**. The Committee decided to keep the target range for the federal funds rate at 0 to 1/4 percent.
 - In addition, the Federal Reserve will **continue** to increase its holdings of **Treasury securities by at least \$80 billion per month and of agency mortgage-backed securities by at least \$40 billion per month** until substantial further progress has been made toward the Committee's maximum employment and price stability goals.



Federal Reserve Anticipates Near-Zero Rates Through 2023

Fed Participants' Assessments of 'Appropriate' Monetary Policy



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.



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While both the IIIT and IPDLAF+ Classes of the Illinois Portfolio seek to maintain a stable net asset value of \$1.00 per share and the Illinois TERM series seek to achieve a net asset value of \$1.00 per share at its stated maturity, it is possible to lose money investing in the Trust. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

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Thank You



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