

**MAINE-NILES ASSOCIATION OF
SPECIAL RECREATION, ILLINOIS**



**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017**

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION, ILLINOIS

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Maine-Niles Association of Special Recreation including:

- Principal Officials
- Organizational Chart

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION, ILLINOIS

Principal Officials
December 31, 2017

BOARD OF DIRECTORS

John Jekot, President
Golf Maine Park District

Jeff Wait, Vice President
Morton Grove Park District

Tom Elenz, Treasurer
Niles Park District

Laura McCarty
Village of Lincolnwood Parks and Recreation

Gayle Mountcastle
Park Ridge Park District

John Ohrlund
Skokie Park District

Jeff Wait
Morton Grove Park District

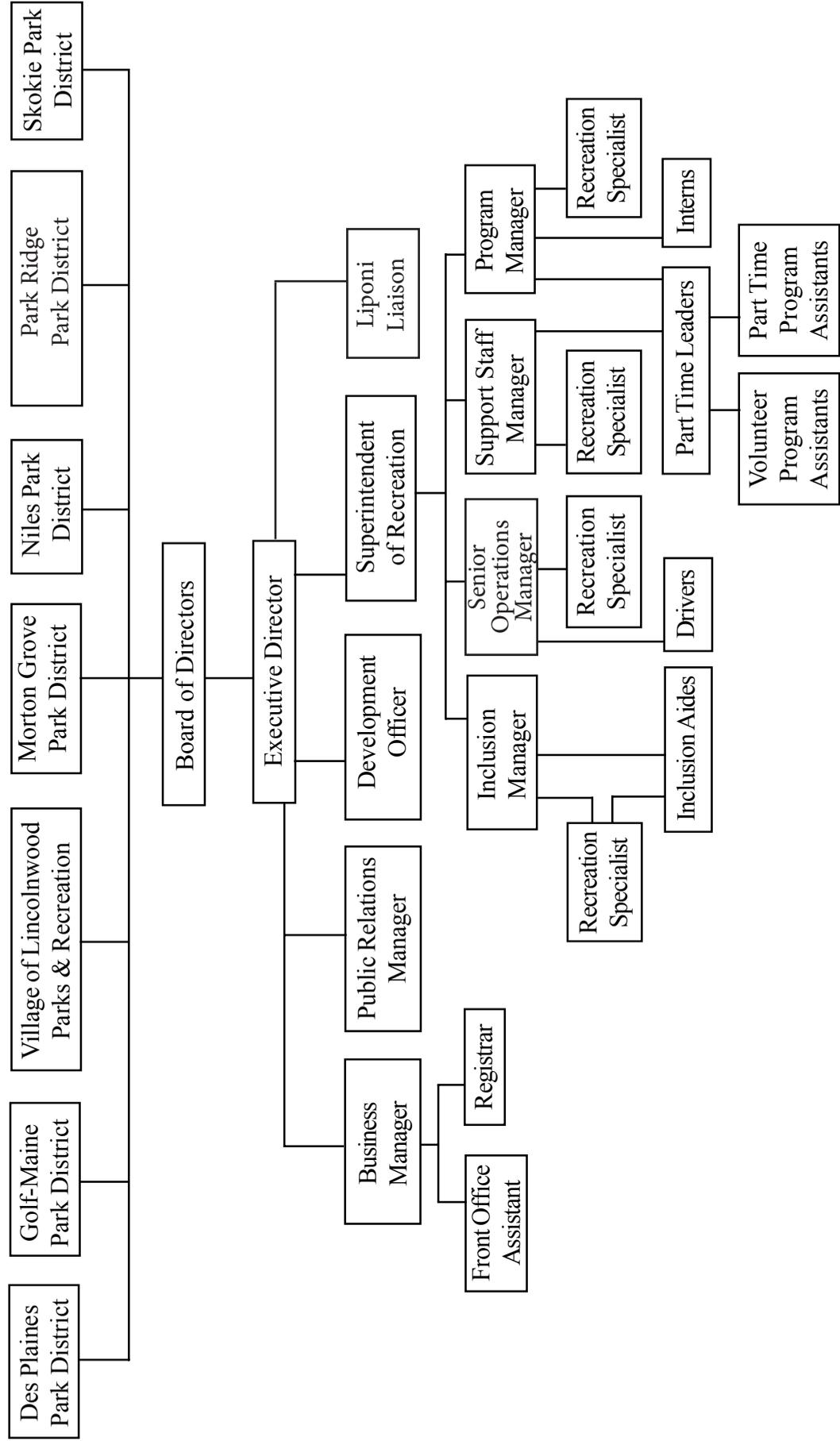
Don Miletic
Des Plaines Park District

Suzanne M. Bear
Executive Director

Jennifer Gebeck
Superintendent of Recreation



MAINE-NILES ASSOCIATION OF SPECIAL RECREATION



FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Association's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

May 9, 2018

Members of the Board of Directors
Maine-Niles Association of Special Recreation, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maine-Niles Association of Special Recreation, Illinois, as of and for the year ended December 31, 2017, 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Maine-Niles Association of Special Recreation, Illinois, as of December 31, 2017, 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 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 Maine-Niles Association of Special Recreation, Illinois' basic financial statements. The introductory section and individual fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The introductory has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Management's Discussion and Analysis December 31, 2017

Our discussion and analysis of the Maine-Niles Special Recreation Association's ("Association") financial performance provides an overview of the Association's financial activities for the fiscal year ended December 31, 2017. Please read it in conjunction with the financial statements which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Association's net position decreased as a result of this year's operations by \$40,361 or 9.2 percent.
- During the year, government-wide revenues totaled \$2,407,951, while expenses totaled \$2,448,312, resulting in the decrease to net position of \$40,361.
- The Association's net position totaled \$399,912 at December 31, 2017, which included \$272,013 unrestricted net position that may be used to meet the ongoing obligations to participants and creditors.
- At the fund level, a deficit was reported this year of \$606, resulting in ending fund balance of \$481,245, a decrease of less than one percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3 - 5) provide information about the activities of the Association as a whole and present a longer-term view of the Association's finances. Fund financial statements begin on page 6. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Association's operations in more detail than the government-wide statements.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Association's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 3 - 5 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.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Management's Discussion and Analysis December 31, 2017

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

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

Fund Financial Statements

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

Governmental Funds

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

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

The basic governmental fund financial statements can be found on pages 6 - 9 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 - 30 of this report.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Management's Discussion and Analysis December 31, 2017

USING THIS ANNUAL REPORT – Continued

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Association's I.M.R.F. employee pension obligations and budgetary comparison schedule for the General Fund. Required supplementary information can be found on pages 31 - 34 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 \$399,912.

	Net Position	
	2017	2016
Current Assets/Other Assets	\$ 615,227	557,885
Capital Assets	127,899	81,564
Total Assets	743,126	639,449
Deferred Outflows	102,579	332,780
Total Assets/ Deferred Outflows	845,705	972,229
Long-Term Debt	8,350	376,363
Other Liabilities	126,993	97,003
Total Liabilities	135,343	473,366
Deferred Inflows	310,450	58,590
Total Liabilities/ Deferred Inflows	445,793	531,956
Net Position		
Net Investment in Capital Assets	127,899	81,564
Unrestricted	272,013	358,709
Total Net Position	399,912	440,273

A portion of the Association's net position, \$127,899 or 32.0 percent, reflects its investment in capital assets (for example, 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 68.0 percent, or \$272,013, represents unrestricted net position and may be used to meet the Association's ongoing obligations to program participants and creditors.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Management's Discussion and Analysis December 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position	
	2017	2016
Revenues		
Program Revenues		
Charges for Services	\$ 2,287,641	2,110,551
Operating Grants/Contrib.	118,167	105,929
General Revenues		
Interest Income	2,143	1,386
Total Revenues	<u>2,407,951</u>	<u>2,217,866</u>
Expenses		
Special Recreation	<u>2,448,312</u>	<u>2,413,271</u>
Change in Net Position	(40,361)	(195,405)
Net Position - Beginning	<u>440,273</u>	<u>635,678</u>
Net Position - Ending	<u>399,912</u>	<u>440,273</u>

Net position of the Association decreased by 9.2 percent (\$440,273 in 2016 compared to \$399,912 in 2017). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$272,013 at December 31, 2017.

Revenues for 2017 totaled \$2,407,951, while the cost of all programs totaled \$2,448,312. This results in a deficit of \$40,361. In 2016, expenses of \$2,413,271 exceeded revenues of \$2,217,866, resulting in a deficit of \$195,405. The Association reported increases in charges for services and interest income for the year. Expenses for the 2017 fiscal year increased \$35,041, due to the higher expenses related to inclusion salaries.

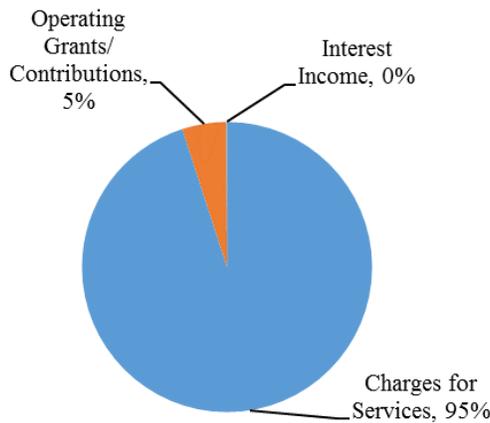
MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Management's Discussion and Analysis December 31, 2017

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 \$481,245, which is \$606, or less than one percent, lower than last year's total of \$481,851. Of the \$481,245 total, \$466,828, or approximately 97.0 percent, of the fund balance constitutes unassigned fund balance.

The Association reported a negative change in fund balance for the year due to expenditures coming in higher than revenues. The higher expenditures were attributable to salaries and capital outlay. However, recreational program expenditures were lower than the budget by \$25,000. These numbers are further outlined on Schedule of Revenues, Expenditures and Changes in Fund Balance on page 34.

BUDGETARY HIGHLIGHTS

The Association made no budget amendments during the year. Actual revenues for the year totaled \$2,407,951, compared to budgeted revenues of \$2,397,745. Member district reimbursements, interest income, and miscellaneous revenues came in above budgeted amounts of \$67,201, \$1,143, and \$5,515, respectively.

Actual expenditures for the year were \$10,812 higher than budgeted (\$2,408,557 actual compared to \$2,397,745 budgeted) due primarily to capital outlay costs for a new company van.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Management's Discussion and Analysis December 31, 2017

CAPITAL ASSETS

The Association's investment in capital assets as of December 31, 2017 was \$127,899 (net of accumulated depreciation). This investment in capital assets includes equipment and vehicles.

	Capital Assets - Net of Depreciation	
	2017	2016
Equipment	\$ 20,890	18,195
Vehicles	107,009	63,369
Total	<u>127,899</u>	<u>81,564</u>

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

Equipment	\$ 8,345
Vehicles	<u>71,258</u>
Total	<u>79,603</u>

Additional information on the Association's capital assets can be found in note 3 on page 18 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Association's Board of Directors consider many factors when setting the 2018 budget. The budget reflects some of the trends and economic indicators of the membership districts and Special Recreation Associations in general.

During 2018, the Board will continue to review these indicators and make any adjustments to the budget that is indicated by a significant change in such factors.

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 Executive Director, Maine-Niles Association of Special Recreation, 6820 W. Dempster, Morton Grove, Illinois 60053.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

**Statement of Net Position
December 31, 2017**

See Following Page

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

**Statement of Net Position
December 31, 2017**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 528,587
Accounts Receivable - Net of Allowances	47,660
Prepays	14,417
Total Current Assets	<u>590,664</u>
Noncurrent Assets	
Capital Assets	
Depreciable	486,271
Accumulated Depreciation	<u>(358,372)</u>
Total Capital Assets	127,899
Other Assets	
Net Pension Asset	<u>24,563</u>
Total Noncurrent Assets	<u>152,462</u>
Total Assets	743,126
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>102,579</u>
Total Assets and Deferred Outflows of Resources	<u>845,705</u>

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

	<u>Governmental Activities</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 11,511
Accrued Payroll	39,993
Other Payables	57,915
Compensated Absences Payable	17,574
Total Current Liabilities	<u>126,993</u>
Noncurrent Liabilities	
Compensated Absences Payable	<u>8,350</u>
Total Liabilities	<u>135,343</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>310,450</u>
Total Liabilities/Deferred Inflows of Resources	<u>445,793</u>
NET POSITION	
Investment of Capital Assets	127,899
Unrestricted	<u>272,013</u>
Total Net Position	<u><u>399,912</u></u>

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

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

**Statement of Activities
Year Ended December 31, 2017**

	Program Revenues		Net (Expenses)/ Revenues
	Expenses	Charges for Services	
Governmental Activities			
Program Services	<u>\$ 2,448,312</u>	<u>2,287,641</u>	<u>118,167</u>
		General Revenues	
		Interest Earnings	<u>2,143</u>
		Change in Net Position	(40,361)
		Net Position - Beginning	<u>440,273</u>
		Net Position - Ending	<u>399,912</u>

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

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

**Balance Sheet - Governmental Fund
December 31, 2017**

	<u>General</u>
ASSETS	
Cash and Investments	\$ 528,587
Accounts Receivable - Net of Allowances	47,660
Prepays	<u>14,417</u>
Total Assets	<u><u>590,664</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts Payable	11,511
Accrued Payroll	39,993
Other Payables	57,915
Total Liabilities	<u>109,419</u>
Fund Balances	
Nonspendable	14,417
Unassigned	466,828
Total Fund Balances	<u>481,245</u>
Total Liabilities and Fund Balance	<u><u>590,664</u></u>

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

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities

December 31, 2017

Total Governmental Fund Balances \$ 481,245

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. 127,899

A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds. 24,563

Deferred outflows (inflows) of resources related to the pensions not reported in the funds.
Deferred Items - IMRF (207,871)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.
Compensated Absences Payable (25,924)

Net Position of Governmental Activities 399,912

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

**Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Fund
Year Ended December 31, 2017**

	<u>General</u>
Revenues	
Member District Contributions	\$ 1,357,276
Member District Reimbursements	582,020
Recreation Program Revenue	327,730
Grants and Donations	118,167
Interest Income	2,143
Miscellaneous	20,615
Total Revenues	<u>2,407,951</u>
Expenditures	
Program Services	
Salaries and Wages	1,343,114
Insurance	136,359
Contractual Services	341,932
Utilities	11,398
Materials and Supplies	30,851
Maintenance and Repairs	42,741
Recreation Programs	379,779
Other	36,907
Capital Outlay	85,476
Total Expenditures	<u>2,408,557</u>
Net Change in Fund Balance	(606)
Fund Balance - Beginning	<u>481,851</u>
Fund Balance - Ending	<u><u>481,245</u></u>

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

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

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

Year Ended December 31, 2017

Net Change in Fund Balances - Total Governmental Funds \$ (606)

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 Outlays	79,603
Depreciation Expense	(33,268)

The net effect of deferred outflows (inflows) of resources related
to the pensions not reported in the funds.

Change in Deferred Items - IMRF	(482,061)
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Some expenses reported in the Statement of Activities do not require the use
of current financial resources and, therefore, are not reported as expenditures
in the governmental funds.

Additions to Compensated Absences Payable	(4,955)
Deductions to Net Pension Liability - IMRF	<u>400,926</u>

Changes in Net Position of Governmental Activities (40,361)

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Notes to the Financial Statements December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Maine-Niles Association of Special Recreation (the Association), an intergovernmental organization consisting of seven area park districts, was organized to provide special recreation programs to the physically and mentally handicapped within their Associations and to share the expenses of such programs on a cooperative basis. The Association is governed by a Board of Directors consisting of one representative from each member agency. The Board of Directors is responsible for establishing all major policies and changes therein and for approving all budgets, capital outlays, programming, and master plans. The Board of Directors performs these duties following the guidelines set forth in the municipal and Park District code for joint agreements. The seven current member districts are Des Plaines Park District, Golf-Maine Park District, Morton Grove Park District, Niles Park District, Skokie Park District, Park Ridge Recreation and Park District, and Lincolnwood Parks and Recreation.

The accounting and reporting policies of the Association relating to the funds included in the accompanying basic financial statements conform to generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

REPORTING ENTITY

In determining the financial reporting entity, the Association complies with the provisions of GASB Statement No. 61, “the Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34,” and includes all component units that have a significant operational or financial relationship with the Association. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

BASIS OF PRESENTATION

Government-Wide Statements

The Association’s basic financial statements include both government-wide (reporting the Association as a whole) and fund financial statements (reporting the Association’s major fund). Both the government-wide and fund financial statements categorize primary activities as governmental activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is 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 two parts: investment in capital assets and unrestricted net position.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Notes to the Financial Statements December 31, 2017

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 each of the Association's functions (program services.). These functions are supported by program revenues (member Association contributions, integration reimbursement and transportation fees and other revenues.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. The net costs (by function) are normally covered by general revenue. The Association does not allocate indirect costs. This 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 Association's fund is organized into governmental category. The emphasis in fund financial statements is on the major fund.

Governmental Funds

The focus of the governmental funds' 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. The following is a description of the governmental fund of the Association:

General Fund is the general operating fund of the Association. It accounts for all revenues and expenditures of the Association. The General Fund is a major fund.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Notes to the Financial Statements December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 as defined below. In the fund financial statements, the “current financial resources” measurement focus is utilized.

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.

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

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. A sixty-day availability period is used for revenue recognition for all governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are member agency contributions, interest income and program fees. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Notes to the Financial Statements December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Cash and Investments

For purpose of the Statement of Net Position, the Association's cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Association categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Association's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

Receivables

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

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepaids are valued at cost, 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 \$1,000, 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.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

**Notes to the Financial Statements
December 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets - Continued

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:

Equipment	4 - 10 Years
Vehicles	5 Years

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition 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.

The Association’s regular full-time employees accumulate vacation days based on the employee’s anniversary date.

While employees are not permitted to carryover unused vacation days beyond their anniversary date, any unused vacation days are paid out upon the employee’s termination.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Notes to the Financial Statements December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. 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.

Net Position

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

Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation.

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 “investment in capital assets.”

INCOME TAXES

For tax reporting purposes, the Association operates as a nonprofit organization and has received exempt status under section 501 (c)(3) of the Internal Revenue Code.

The Association reports information regarding its financial position and activities according to three classes of net position: unrestricted net position, temporarily restricted net position, and permanently restricted net position.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

**Notes to the Financial Statements
December 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

INCOME TAXES - Continued

The Association files its tax return with the U.S. federal and various state and local tax jurisdictions. With few exceptions, the Association is no longer subject to examinations by major tax jurisdictions for the tax years 2013 and prior. The association had no income tax expense for the years ended December 31, 2017.

The Association includes accrued interest and penalties related to unrecognized tax benefits in operating expenses. The expense for interest and penalties related to unrecognized tax benefits amounts to \$0 for the years ended December 31, 2017.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The Association's staff and Board of Directors followed these procedures in establishing the budgetary data reflected in the financial statements:

1. During the month of May, the staff meets as a group to discuss program ideas for the next fiscal year.
2. Between July 1 and July 15, Recreation Specialists and program Supervisors develop program budget requests and fund summaries.
3. During the month of August, the Superintendent of Recreation submits information on the staffs proposed programming ideas for the coming year along with their respective budgets. In addition, the staff submits their proposed budget requests for all non-programming items.
4. In October, the Executive Director develops the preliminary budget, the member agency contribution amount, and submits both to the Board for review.
5. In November, the member Associations vote on the proposed member contributions for the coming year.
6. Final budget approval is slated for early December.
7. Budgets are adopted consistent with GAAP.
8. There were no budget amendments for the year-ended December 31, 2017.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUND

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

<u>Fund</u>	<u>Excess</u>
General	\$ 10,812

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Notes to the Financial Statements December 31, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS

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, Illinois Funds and the Illinois Metropolitan Investment Fund.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

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

At year-end, the carrying amount of the Association’s deposits totaled \$523,379 and the bank balances totaled \$651,500. The Association also had \$5,208 invested in the Illinois Funds at year-end.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. It is the policy of the Association to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Association and conforming to all state and local statutes governing the investment of public funds using the ‘prudent person’ standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield. The Association’s investment in the Illinois Funds has an average maturity of less than one year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Association limits its exposure to credit risk by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. At year-end, the Association’s investments in the Illinois Funds was rated AAAM by Standard & Poor’s.

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 does not mitigate concentration risk. 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).

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Notes to the Financial Statements December 31, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk, Credit Risk, Concentration Risk and Custodial Credit 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, 2017, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Association will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Association's investment policy does not mitigate custodial credit risk for investments. The Association's investment in the Illinois Funds is not subject to custodial credit risk.

CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Depreciable Capital Assets				
Equipment	\$ 109,441	8,345	-	117,786
Vehicles	297,227	71,258	-	368,485
	<u>406,668</u>	<u>79,603</u>	<u>-</u>	<u>486,271</u>
Less Accumulated Depreciation				
Equipment	91,246	5,650	-	96,896
Vehicles	233,858	27,618	-	261,476
	<u>325,104</u>	<u>33,268</u>	<u>-</u>	<u>358,372</u>
Total Net Depreciable Capital Assets	<u>81,564</u>	<u>46,335</u>	<u>-</u>	<u>127,899</u>

Depreciation expense of \$33,268 was charged to the governmental activities.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

**Notes to the Financial Statements
December 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LEASE OBLIGATION

The Association leases its administrative office under the terms of a non-cancellable lease from the Morton Grove Park District expiring in September 2021. The lease states that for the first 10 years, the Association shall pay a fixed annual rent at an annual rate necessary to amortize \$700,000 over a period of ten years, plus a proportionate share of operating expenses. Starting in year 11 of the lease, the Association will pay the fair market value of the lease less 35%, with annual increases of 1% through the end of the lease.

Rent expense for the year ended December 31, 2017 was \$68,086. Future minimum lease payments are as follows:

Fiscal Year	Lease Payments
2018	\$ 68,767
2019	69,455
2020	70,149
2021	35,307
	243,678
	243,678

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
Governmental Activities					
Compensated Absences	\$ 20,969	9,910	4,955	25,924	17,574
Net Pension Liability/(Asset)	376,363	-	400,926	(24,563)	-
	397,332	9,910	405,881	1,361	17,574
	397,332	9,910	405,881	1,361	17,574

The General Fund makes payments on the compensated absences and the net pension liability/(asset).

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

**Notes to the Financial Statements
December 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE

Net Position Classifications

Investment in capital assets was comprised of the following as of December 31, 2017:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	<u>\$ 127,899</u>

Fund Balance Classifications

In the governmental funds financial statements, the Association considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Association first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Directors; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the Board of Directors' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Directors itself or b) a body or official to which the Board of Directors has delegated the authority to assign amounts to be used for specific purposes. The Association's highest level of decision-making authority is the Board of Directors, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

**Notes to the Financial Statements
December 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION – Continued

Fund Balance Classifications – Continued

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

	<u>General</u>
Fund Balances	
Nonspendable	
Prepays	\$ 14,417
Unassigned	<u>466,828</u>
Total Fund Balances	<u><u>481,245</u></u>

NOTE 4 – OTHER INFORMATION

OTHER POST-EMPLOYMENT BENEFITS

The Association has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Association are required to pay 100% of the current premium. However, there is minimal participation. As the Association provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Therefore, the Association has not recorded a liability as of December 31, 2017.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

**Notes to the Financial Statements
December 31, 2017**

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. There has been no significant reduction in coverage in any program from coverage in the prior year. For all programs, settlement amounts have not exceeded insurance in the current or three prior years. Since 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, 2017 through January 1, 2018:

Coverage	Member Deductible	PDRMA Self-Insured Retention	Limits
PROPERTY			
Property/Bldg/Contents			
All Losses Per Occurrence	\$1,000	\$1,000,000	\$1,000,000,000/All Members
Flood/except Zones A & V	\$1,000	\$1,000,000	\$250,000,000/Occurrence/Annual Aggregate
Flood, Zones A & V	\$1,000	\$1,000,000	\$200,000,000/Occurrence/Annual Aggregate
Earthquake Shock	\$1,000	\$100,000	\$100,000,000/Occurrence/Annual Aggregate
Auto Physical Damage			
Comprehensive and Collision	\$1,000	\$1,000,000	Included
Course of Construction/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			
Employers Liability	N/A	\$500,000	Statutory
		\$500,000	\$3,500,000 Employers Liability
LIABILITY			
General	None	\$500,000	\$21,500,000/Occurrence
Auto Liability	None	\$500,000	\$21,500,000/Occurrence
Employment Practices	None	\$500,000	\$21,500,000/Occurrence
Public Officials' Liability	None	\$500,000	\$21,500,000/Occurrence
Law Enforcement Liability	None	\$500,000	\$21,500,000/Occurrence
Uninsured/Underinsured Motorists	None	\$500,000	\$1,000,000/Occurrence
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

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

**Notes to the Financial Statements
December 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Park District Risk Management Agency (PDRMA) – Continued

Coverage	Member Deductible	PDRMA Self-Insured Retention	Limits
OUTBREAK EXPENSE			
Outbreak Expense	24 Hours	N/A	\$15,000 per Day
			\$1,000,000 Aggregate Policy Limit
INFORMATION SECURITY AND PRIVACY INSURANCE WITH ELECTRONIC MEDIA			
LIABILITY COVERAGE			
Information Security & Privacy			
Liability	None	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
Privacy Notification, Costs	None	\$100,000	\$500,000/Occurrence/Annual Aggregate
Regulatory Defense & Penalties	None	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
Website Media Content Liability	None	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
Cyber Extortion	None	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
Data Protection & Business			
Interruption	\$1,000	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
First Party Business Interruption	8 Hours	\$100,000	\$50,000 Hourly Sublimit/\$50,000 Forensic
			Exp./\$150,000 Dependent Bus. Interruption
VOLUNTEER MEDICAL ACCIDENT			
Volunteer Medical Accident	None	\$5,000	\$5,000 Medical Expense and AD&D
			Excess of any other Collectible Insurance
UNDERGROUND STORAGE TANK LIABILITY			
Underground Storage Tank Liability	None	N/A	\$10,000, Follows Illinois Leaking
			Underground Tank Fund
UNEMPLOYMENT COMPENSATION			
Unemployment Compensation	N/A	N/A	Statutory

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

As a member of PDRMA’s Property/Casualty Program, the Association is represented on the Property/Casualty Program Council and the Membership Assembly and is entitled to one vote on each. The relationship between the Association and PDRMA is governed by a contract and by-laws that have been adopted by resolution of the Association’s governing body.

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.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Notes to the Financial Statements December 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Park District Risk Management Agency (PDRMA) – Continued

PDRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Program Council. PDRMA also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss reduction and prevention procedures to be followed by the members.

The following represents a summary of PDRMA's Property/Casualty Program balance sheet at December 31, 2016 and the statement of revenues and expenses for the period ending December 31, 2016:

Assets	\$62,209,572
Deferred Outflows of Resources – Pension	1,117,312
Liabilities	23,580,657
Deferred Inflows of Resources – Pension	34,088
Total Net Position	39,712,139
Revenues	20,508,977
Expenditures	21,505,049

The Association's portion of the overall equity in the pool is 0.295% or \$117,054.

Since 92.44% of PDRMA's liabilities are reserves for losses and loss adjustment expenses which are based on an actuarial estimate of the ultimate losses incurred, the Member Balances are adjusted annually as more recent loss information becomes available.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Notes to the Financial Statements December 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Association expects such amounts, if any, to be immaterial.

Litigation

The Association is currently not involved in any lawsuits.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

The Association contributes to the 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.

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees hired in positions that need or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Notes to the Financial Statements December 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

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

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

Plan Membership. As of December 31, 2017, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	12
Inactive Plan Members Entitled to but not yet Receiving Benefits	31
Active Plan Members	<u>23</u>
Total	<u><u>66</u></u>

Contributions. As set by statute, the Association's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended December 31, 2017, the Association's contribution was 11.31% of covered payroll.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Notes to the Financial Statements December 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Net Pension Liability/(Asset). The Association's net pension liability/(asset) was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability/(asset) was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.39% to 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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 tables was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Notes to the Financial Statements December 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	27%	3.0%
Domestic Equities	38%	6.9%
International Equities	17%	6.8%
Real Estate	8%	5.8%
Blended	9%	2.65% - 7.35%
Cash and Cash Equivalents	1%	2.3%

Discount Rate

The discount rate used to measure the total pension liability/(asset) was 7.50%, the same as the prior valuation. 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/(asset).

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

**Notes to the Financial Statements
December 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the 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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/(Asset)	\$ 486,165	(24,563)	(432,506)

Changes in the Net Pension Liability/(Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/ (Asset) (A) - (B)
Balances at December 31, 2015	\$ 3,252,723	2,876,360	376,363
Changes for the year:			
Service Cost	161,714	-	161,714
Interest on the Total Pension Liability	501,629	-	501,629
Difference Between Expected and Actual Experience of the Total Pension Liability	(22,608)	-	(22,608)
Changes of Assumptions	(98,990)	-	(98,990)
Contributions - Employer	-	174,936	(174,936)
Contributions - Employees	-	73,229	(73,229)
Net Investment Income	-	716,288	(716,288)
Benefit Payments, including Refunds of Employee Contributions	(204,682)	(204,682)	-
Other (Net Transfer)	-	(21,782)	21,782
Net Changes	337,063	737,989	(400,926)
Balances at December 31, 2017	3,589,786	3,614,349	(24,563)

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

**Notes to the Financial Statements
December 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the year ended December 31, 2017, the Association recognized pension expense of \$256,071. At December 31, 2017, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 3,812	(12,015)	(8,203)
Change in Assumptions	-	(71,319)	(71,319)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>98,767</u>	<u>(227,116)</u>	<u>(128,349)</u>
Total Deferred Amounts Related to IMRF	<u><u>102,579</u></u>	<u><u>(310,450)</u></u>	<u><u>(207,871)</u></u>

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

Fiscal Year	Net Deferred (Inflows) of Resources
2018	\$ (35,882)
2019	(44,092)
2020	(71,118)
2021	(56,779)
2022	-
Thereafter	<u>-</u>
Total	<u><u>(207,871)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Employer Contributions

December 31, 2017

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 87,241	\$ 86,822	\$ (419)	\$ 699,605	12.41%
2016	96,314	96,314	-	737,484	13.06%
2017	98,872	98,872	-	874,200	11.31%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2014 Combined Mortality Table

Note:

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

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2017**

	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 73,769
Interest	214,568
Differences Between Expected and Actual Experience	(152,536)
Change of Assumptions	66,334
Benefit Payments, Including Refunds of Member Contributions	<u>(78,385)</u>
Net Change in Total Pension Liability	123,750
Total Pension Liability - Beginning	<u>2,863,208</u>
Total Pension Liability - Ending	<u><u>2,986,958</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 86,822
Contributions - Members	31,331
Net Investment Income	166,632
Benefit Payments, Including Refunds of Member Contributions	(78,385)
Other (Net Transfer)	<u>8,490</u>
Net Change in Plan Fiduciary Net Position	214,890
Plan Net Position - Beginning	<u>2,711,789</u>
Plan Net Position - Ending	<u><u>2,926,679</u></u>
Employer's Net Pension Liability/(Asset)	<u><u>\$ 60,279</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	97.98%
Covered Payroll	\$ 699,605
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	8.62%

Note:

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

2015	2016	2017
70,072	74,736	86,978
223,166	242,954	258,675
65,411	(11,866)	(10,742)
-	-	(98,990)
(92,884)	(101,400)	(103,282)
265,765	204,424	132,639
2,986,958	3,252,723	3,457,147
3,252,723	3,457,147	3,589,786

96,314	76,064	98,872
33,187	33,890	39,339
14,725	199,863	516,425
(92,884)	(101,400)	(103,282)
(101,661)	18,097	(39,879)
(50,319)	226,514	511,475
2,926,679	2,876,360	3,102,874
2,876,360	3,102,874	3,614,349
376,363	354,273	(24,563)

88.43%	89.75%	100.68%
737,484	753,116	874,200
51.03%	47.04%	(2.81%)

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Member District Contributions	\$ 1,357,276	1,357,276	1,357,276
Member District Reimbursements	514,819	514,819	582,020
Recreation Program Revenue	327,750	327,750	327,730
Grants and Donations	181,800	181,800	118,167
Interest Income	1,000	1,000	2,143
Miscellaneous	15,100	15,100	20,615
Total Revenues	<u>2,397,745</u>	<u>2,397,745</u>	<u>2,407,951</u>
Expenditures			
Program Services			
Salaries and Wages	1,322,039	1,322,039	1,343,114
Insurance	136,383	136,383	136,359
Contractual Services	338,497	338,497	341,932
Utilities	12,000	12,000	11,398
Materials and Supplies	31,500	31,500	30,851
Maintenance and Repairs	40,000	40,000	42,741
Recreation Programs	404,746	404,746	379,779
Other	39,150	39,150	36,907
Capital Outlay	73,430	73,430	85,476
Total Expenditures	<u>2,397,745</u>	<u>2,397,745</u>	<u>2,408,557</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	(606)
Fund Balance - Beginning			<u>481,851</u>
Fund Balance - Ending			<u>481,245</u>

OTHER SUPPLEMENTARY INFORMATION

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

General Fund

**Schedule of Revenues - Budget and Actual
Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Member District Contributions			
Des Plaines	\$ 272,677	272,677	272,677
Golf-Maine	37,325	37,325	37,325
Lincolnwood	107,768	107,768	107,768
Morton Grove	129,484	129,484	129,484
Niles	172,917	172,917	172,917
Park Ridge	244,581	244,581	244,581
Skokie	392,524	392,524	392,524
Total Member District Contributions	1,357,276	1,357,276	1,357,276
Member District Reimbursements			
Inclusion			
Wages	475,407	475,407	537,483
Workers' Compensation	3,043	3,043	3,419
Pension - FICA	36,369	36,369	41,118
Total Member District Reimbursements	514,819	514,819	582,020
Recreation Program Revenue			
Ongoing Youth Programs	51,000	51,000	42,486
Special Events for Youth	8,000	8,000	11,168
Youth Day Camp	63,000	63,000	81,410
Leisure Education	350	350	780
Ongoing Adult Programs	110,036	110,036	115,410
Special Events for Adults	80,364	80,364	62,314
Foundation Sponsored Programs	15,000	15,000	14,162
Total Recreation Program Revenue	327,750	327,750	327,730
Grants and Donations			
Grants	154,800	154,800	93,660
Donations	27,000	27,000	24,507
Total Grants and Donations	181,800	181,800	118,167

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

General Fund

**Schedule of Revenues - Budget and Actual - Continued
Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Interest Income	\$ 1,000	1,000	2,143
Miscellaneous			
Fundraising	15,100	15,100	18,065
Miscellaneous	-	-	2,550
Total Miscellaneous	15,100	15,100	20,615
Total Revenues	2,397,745	2,397,745	2,407,951

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

General Fund

**Schedule of Expenditures - Budget and Actual
Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Salaries and Wages			
Administrative Staff	\$ 197,042	197,042	201,549
Clerical Part-Time	59,607	59,607	50,788
Special Recreation Managers	264,923	264,923	266,357
Development Coordinator	51,718	51,718	52,987
Specialists	150,240	150,240	134,181
Finance Coordinator	71,070	71,070	71,074
Liponi Liaison	12,620	12,620	12,781
Inclusion Wages	514,819	514,819	553,397
Total Salaries and Wages	1,322,039	1,322,039	1,343,114
Insurance			
Group Employees' Health	98,659	98,659	98,314
Group Employees' Life	1,700	1,700	2,922
Workers' Compensation	7,600	7,600	7,680
Liability	28,424	28,424	27,443
Total Insurance	136,383	136,383	136,359
Contractual Services			
Advertising	3,400	3,400	5,321
Association Dues	6,000	6,000	5,296
Periodicals	300	300	105
Postage	7,500	7,500	5,696
Bulk Mail Postage	1,050	1,050	1,125
Telephone	10,000	10,000	10,567
Printing	17,900	17,900	17,153
Building Rental	68,086	68,086	68,086
Professional Services	7,500	7,500	7,185
Website Maintenance	3,500	3,500	4,964
Pension - IMRF	87,022	87,022	91,318
Pension - FICA	124,239	124,239	123,876
Unemployment Compensation	2,000	2,000	1,240
Total Contractual Services	338,497	338,497	341,932

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Utilities			
Electricity	\$ 10,000	10,000	10,069
Natural Gas	2,000	2,000	1,329
Total Utilities	12,000	12,000	11,398
Materials and Supplies			
Printed Supplies	2,700	2,700	2,004
Computer Supplies	2,700	2,700	2,685
Office Supplies	4,000	4,000	5,200
Copy Machine Supplies	2,100	2,100	2,082
Safety and Training	4,000	4,000	2,556
Gas, Oil and Lubricants	16,000	16,000	16,324
Total Materials and Supplies	31,500	31,500	30,851
Maintenance and Repairs			
Office Equipment	21,000	21,000	26,165
Vehicles	19,000	19,000	16,576
Total Maintenance and Repairs	40,000	40,000	42,741
Recreation Programs			
Ongoing Youth Programs	56,000	56,000	42,795
Special Events for Youth	10,101	10,101	9,276
Youth Day Camp	135,500	135,500	126,888
Leisure Education	550	550	493
Ongoing Adult Programs	105,466	105,466	87,762
Special Events for Adults	82,129	82,129	99,231
Foundation Sponsored Programs	15,000	15,000	13,334
Total Recreation Programs	404,746	404,746	379,779

MAINE-NILES ASSOCIATION OF SPECIAL RECREATION

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Other			
Travel	\$ 4,000	4,000	2,619
Personnel	11,000	11,000	14,140
Educational Training	10,000	10,000	5,372
Board	500	500	358
Photography	650	650	20
Fundraising	7,500	7,500	8,926
Bank Charges	4,500	4,500	5,140
Inclusion Expense	1,000	1,000	332
Total Other	39,150	39,150	36,907
Capital Outlay			
Program Equipment	6,430	6,430	9,089
Office Equipment	5,000	5,000	5,132
Vehicles	62,000	62,000	71,255
Total Capital Outlay	73,430	73,430	85,476
Total Expenditures	2,397,745	2,397,745	2,408,557