

SOUTHEAST ASSOCIATION FOR
SPECIAL PARKS AND RECREATION,
ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
MAY 31, 2016

SOUTH EAST ASSOCIATION FOR SPECIAL PARKS AND RECREATION

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

September 1, 2016

Members of the Board of Directors
South East Association for Special Parks and Recreation
Downers Grove, Illinois

We have audited the accompanying financial statements of the governmental activities of the South East Association for Special Parks and Recreation, Illinois, as of and for the year ended May 31, 2016, and the related notes to the financial statements, which collectively comprise the South East Association for Special Parks and Recreation'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 South East Association for Special Parks and Recreation'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 South East Association for Special Parks and Recreation'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 of the South East Association for Special Parks and Recreation, Illinois, as of May 31, 2016, 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 South East Association for Special Parks and Recreation, Illinois', basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental 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 supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

South East Association for Special Parks And Recreation
Management's Discussion and Analysis
May 31, 2016

The South East Association for Special Parks And Recreations provides the following overview and analysis of the Association's financial operations and attached financial statements for the fiscal year ended May 31, 2016. The following discussion is presented to enable the readers to more fully understand the accompanying audited financial statements. The Association is responsible for the fair and accurate presentation of all financial information, as well as the internal controls and reporting procedures in creating the financial statements. In management's opinion, the financial statements herewith reflect all material aspects of the Association's operations in an accurate, fair and complete manner.

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP), and follow the guidelines of the Governmental Accounting Standards Board (GASB). In 1999, GASB adopted Statement Number 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." This standard modifies the required reporting for the Association requiring full accrual accounting, including the reporting of all capital assets net of depreciation. The modifications to the Association required the additional reporting of capital assets and depreciation, and long-term debt obligations.

The major components of the financial statements are the overall statement of net position and the overall statement of activities. The statement of net position shows the amount that total Association assets exceed total liabilities, which may be considered the current value of net worth for the Association. The statement of activities reflects the overall operations of the Association for the past year, excluding revenues from taxes from members, interest and miscellaneous items. This demonstrates how effectively the Association operates on a business level model. In simple terms, it shows how the Association would fair as a business, without the support of auxiliary revenues.

The Association's total assets/deferred outflows exceeded total liabilities by \$2,242,671. At this time, the Association had total capital or infrastructure assets net of depreciation of \$936,067. Temporary restricted net position is \$37,750. The unrestricted net position is \$1,269,104.

Overview of the Financial Statements

The financial statements have three major components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The fund financial statements include the statement of revenues, expenditures and changes in fund balance – budget and actual.

The two main components to the government-wide financial statements are: (1) the statement of net position, and (2) the statement of activities. As discussed before, these are the two major statements that are analyzed in terms of obtaining a broad overview of the finances, value and annual operations of the Association.

The statement of net position is a snapshot as of the end of the fiscal year illustrating the overall value of the Association. The total net position should be a positive number, and can be equated to the Association's total net worth. From year to year, an increase or decrease in the total net position of the Association is one factor in determining the total overall financial performance.

The largest components of the assets are cash of \$2,063,337 and capital assets of \$936,067, which include land improvements, leasehold improvements, equipment and vehicles. These items are now depreciated over their useful lives. The largest component of total liabilities is the unearned revenue from other

payables of \$102,114. The largest component of non-current liabilities is the net pension liability for IMRF of \$781,923, which is a new GASB Statement that is required to be reported on beginning this year. The liability was previously not represented on the Statement of Net Positions.

The statement of activities on page 4 of this report shows the overall expenses and program revenues for services the Association provides. Added to this are the general revenues for member contributions of tax assessments, unrestricted investment earnings, and miscellaneous items to arrive at the total increase or decrease from operations. This amount is added to the total net position at the beginning of the year, to provide the value of the total net position at the end of the year.

Both of the government-wide financial statements may be divided into two components: governmental activities, which are operations of the Association primarily supported by tax revenues, and business-type activities, which are those operations intended to be self-supportive. All of the Association's operations are considered to be governmental activities.

The fund financial statements provide reporting for the Association's operation at a fund level. A fund is a group of related accounts established for a specific purpose to maintain control of resources for that purpose. There are three types of funds: governmental, proprietary, and fiduciary. All of the Association's funds are considered to be governmental.

The focus of governmental fund financial statements is narrower than that of the Association-wide financial statements. The fund financial statements provide a more detailed look at the different operating components that comprise the government-wide financial statements. The focus at the fund level is more on current operations and short-term results, whereas the government-wide reporting allows for a greater understanding of the long-term sustainability of the Association. It is useful to compare the two types of statements for the balance sheet on page 5 and the statement of revenues, expenditures and changes in fund balance on page 7 to see how current operations reflect upon the long-range value of the Association. Reconciliations between the two types of statements are provided on pages 6 and 8.

The notes to the financial statements provide additional information that is needed to gain a full understanding of the Association's financial operations and the reporting on it.

Financial Analysis

The government-wide assets/deferred outflows of the Association total \$3,271,747. The largest portion of the Association's assets consists of cash and investments of \$2,063,337, and the second largest portion reflects capital assets of \$936,067. The total value of land improvements, leasehold improvements, equipment and vehicles is reported net of the total accumulated depreciation on these items. The largest component of the Association's current liabilities is other payables of \$102,114, with total liabilities of \$1,029,076, which combines current and non-current liabilities.

The total net position is \$2,242,671, of which \$936,067 represents the investment in capital assets. In addition, \$37,500 represents an amount temporarily restricted for the use of scholarships. The remaining amount represents the amount of funds the Association would have if all revenues were collected and all other obligations of the Association were satisfied.

The government-wide operations are reflected in the statement of activities on page 4, which reports the overall expenses and revenues for the Association. The major components of the Association's revenues are the general revenues of \$1,625,450, which consists primarily of property tax revenue levied by its members and contributed to the Association of \$1,598,802. With the addition of charges for services of \$932,326 and operating and capital grants and contributions of \$73,041 the total government-wide

revenues were \$2,630,817. Governmental activities of the Association had \$2,592,488 in expenses, all of which were for special recreation.

The financial analysis of the operations by fund, including a comparison of actual to budget operations, allows for a greater understanding of overall Association operations. The Association adheres to fund accounting to ensure and comply with all finance related legal requirements for special recreation associations. The Association's activity was all recorded within a General Fund. The fund financial statements exclude depreciation expense, which is also not a budgeted item.

The General Fund

The General Fund operating revenues were budgeted at \$2,661,596 and the Fund's actual results were under budget by 1% (\$30,779). Actual 2016 revenues of \$2,630,817 were an increase of \$95,232 from 2015 revenue. The General Fund's operating expenditures were \$142,842 under the budget of \$2,613,925 and non-operating expenditures were \$11,977 under the budget of \$134,485. The Association's total revenue exceeded expenditures by \$41,726 for the General Fund in 2016. (See comments section for further details.)

Comments

The Association policy of maintaining a year-end fund balance equal to three - six months of operating expenses was once again met and exceeded during this financial year. This puts the agency in a good financial position for the next fiscal year and beyond.

While revenue for the year was \$30,779 (1%) less than budgeted, charges for services increased by \$32,618, (3%). This was a result of EAGLES and day camp revenue increases. Donations and fund development revenue declined by 35% and 21% respectively. The major increase in revenue was through the member contributions generated by the Lemont Park District joining the association. As a result of Lemont's participation in the association, the member contributions of the other member entities were reduced from the prior year. Expenses continue to be properly managed and remain well-within the budget. Capital expenditures continued to remain under budget.

Requests for Information

The financial report is designed to provide a general overview of the financial operations of the South East Association for Special Parks And Recreation. Questions concerning any of the information in this report, or requests for additional information, should be sent to the Executive Director, Susan Friend, South East Association for Special Parks And Recreation, 4500 Belmont, Downers Grove, Illinois, 60515.

FINANCIAL STATEMENTS

SOUTH EAST ASSOCIATION FOR SPECIAL PARKS AND RECREATION, ILLINOIS

**Statement of Net Position
May 31, 2016**

ASSETS	
Current Assets	
Cash and Investments	\$ 2,063,337
Receivables - Net of Allowances	
Accrued Interest	8,009
Other	53,347
Prepays	22,837
Total Current Assets	<u>2,147,530</u>
Noncurrent Assets	
Capital Assets	
Depreciable Capital Assets	1,355,743
Accumulated Depreciation	<u>(419,676)</u>
Total Noncurrent Assets	<u>936,067</u>
Total Assets	<u>3,083,597</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	188,150
Total Assets and Deferred Outflows of Resources	<u>3,271,747</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	61,250
Accrued Payroll	32,127
Other Payables	102,114
Compensated Absences Payable	10,332
Total Current Liabilities	<u>205,823</u>
Noncurrent Liabilities	
Compensated Absences Payable	41,330
Net Pension Liability - IMRF	781,923
Total Noncurrent Liabilities	<u>823,253</u>
Total Liabilities	<u>1,029,076</u>
NET POSITION	
Investment in Capital Assets	936,067
Temporarily Restricted	37,500
Unrestricted	<u>1,269,104</u>
Total Net Position	<u><u>2,242,671</u></u>

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

SOUTH EAST ASSOCIATION FOR SPECIAL PARKS AND RECREATION, ILLINOIS

Statement of Activities

For the Fiscal Year Ended May 31, 2016

	Program Revenues		Net (Expenses)/ Revenues
	Charges for Services	Operating Grants/ Contributions	
Expenses			
Governmental Activities			
Special Recreation	<u>\$ 2,592,488</u>	<u>932,326</u>	<u>73,041</u>
			(1,587,121)
General Revenues			
Member Contributions			1,598,802
Interest Income			24,196
Miscellaneous			<u>2,452</u>
			<u>1,625,450</u>
Change in Net Position			38,329
Net Position - Beginning as Restated			<u>2,204,342</u>
Net Position - Ending			<u><u>2,242,671</u></u>

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

SOUTH EAST ASSOCIATION FOR SPECIAL PARKS AND RECREATION, ILLINOIS

**Balance Sheet
May 31, 2016**

ASSETS	
Cash and Investments	\$ 2,063,337
Receivables - Net of Allowances	
Accrued Interest	8,009
Other	53,347
Prepays	<u>22,837</u>
 Total Assets	 <u><u>2,147,530</u></u>
 LIABILITIES	
Accounts Payable	61,250
Accrued Payroll	32,127
Other Payables	<u>102,114</u>
Total Liabilities	<u>195,491</u>
 FUND BALANCE	
Nonspendable - Prepays	22,837
Restricted - Scholarships	37,500
Unassigned	<u>1,891,702</u>
Total Fund Balance	<u>1,952,039</u>
 Total Liabilities and Fund Balance	 <u><u>2,147,530</u></u>

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

SOUTH EAST ASSOCIATION FOR SPECIAL PARKS AND RECREATION, ILLINOIS

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

May 31, 2016

Total Governmental Fund Balances \$ 1,952,039

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. 936,067

Deferred outflows (inflows) of resources related to the pensions not reported
in the funds.
 Deferred Items - IMRF 188,150

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.
 Compensated Absences Payable (51,662)
 Net Pension Liability - IMRF (781,923)

Net Position of Governmental Activities 2,242,671

SOUTH EAST ASSOCIATION FOR SPECIAL PARKS AND RECREATION, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended May 31, 2016**

Revenues	
Member District Contributions	\$ 1,598,802
Donations	58,434
Grants	14,607
Registration Fees	719,965
Inclusion Fees	152,897
Fund Development	59,464
Interest Income	24,196
Risk Management	1,500
Miscellaneous	952
Total Revenues	<u>2,630,817</u>
Expenditures	
Salaries and Wages	1,433,082
Other Personnel Costs	459,380
Other Operations and Maintenance Costs	421,116
Other General and Administrative Costs	157,505
Capital Outlay	122,508
Total Expenditures	<u>2,593,591</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,226
Other Financing Sources	
Disposal of Capital Assets	<u>4,500</u>
Change in Fund Balance	41,726
Fund Balance - Beginning	<u>1,910,313</u>
Fund Balance - Ending	<u><u>1,952,039</u></u>

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

SOUTH EAST ASSOCIATION FOR SPECIAL PARKS AND RECREATION, ILLINOIS

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

For the Fiscal Year Ended May 31, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 41,726
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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	115,964
Depreciation Expense	(70,578)

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

Change in Deferred Items - IMRF	16,708
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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.

Deductions to Compensated Absences Payable	19,009
Additions to Net Pension Liability - IMRF	<u>(84,500)</u>

Changes in Net Position of Governmental Activities	<u>38,329</u>
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The notes to the financial statements are an integral part of this statement.

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

Notes to the Financial Statements May 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The South East Association for Special Parks and Recreation (the Association) as established in 1976 and is located in Downers Grove, Illinois. The Association operates under a Board of Directors with one director from each member entity. The member entities as of May 31, 2016 were the Park Districts of Clarendon Hills, Darien, Downers Grove, LaGrange, LaGrange Park, Lemont, Lisle, Westmont and Woodridge, plus the Villages of Brookfield, Indian Head Park and Western Springs. The Association provides a variety of services to participating communities within the boundaries of the Association.

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. 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. 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 and unrestricted.

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, program revenue and interest income). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants/contributions. Program revenues must be directly associated with the special recreation function. Operating grants/contributions include operating-specific grants. The net cost of the special recreation function is normally covered by the general revenues (member contributions, program revenue and interest income).

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

Notes to the Financial Statements
May 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING/ POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

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 balance, 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.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities 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.

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

Notes to the Financial Statements
May 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

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 fund liability/deferred inflow is incurred.

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

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 reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

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. Governmental activities report member assessments as their major receivables.

Prepays

Prepays are valued at cost, which approximates market. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in the financial statements.

Capital Assets

Capital assets purchased or acquired with an original cost of more than \$1 to \$250,000, are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market 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 expensed as incurred.

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

Notes to the Financial Statements
May 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Buildings	45 Years
Vehicles	7 Years
Equipment	5 - 20 Years
Land Improvements	20 Years
Furniture and Fixtures	5 - 20 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 financial statements.

Contributions

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period they are received are shown as unrestricted support.

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

Notes to the Financial Statements
May 31, 2016

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.

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 SEASPAR Board of Directors followed these procedures in establishing the budgetary data reflected in the financial statement.

- The Directors submit to the Member Entity Commissioners and Trustees a proposed operating budget for the upcoming fiscal year commencing June 1.
- The operating budget includes proposed expenses and the means for financing.
- The operating budget is based upon the recommendation of the Director and the SEASPAR Board.
- The Board of Directors has the power to amend the Budget in the same manner as its original enactment.

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

Notes to the Financial Statements
May 31, 2016

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 and commercial paper rated within the three highest classifications by at least two standard rating services.

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

At year-end, the carrying amount of the Association’s deposits totaled \$2,063,337 and the bank balances totaled \$2,092,938.

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. At year-end the Association has no investments.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Association’s policy limits its exposure to credit risk by primarily investing in obligations guaranteed by the United States Government of securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government.

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 limits exposure to concentration risk by requiring investments to be diversified by security type and institution. The policy further states that no more than 10% of invested funds shall be placed in a single local institution and at least 90% of available funds shall be maintained in interest-bearing securities whenever feasible.

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 collateral of no less than 110% of the fair market value of the amount of funds in excess of federal depository insurance with the collateral held by a third party in the Association’s name.

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.

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

**Notes to the Financial Statements
May 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

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

	Beginning Balances	Additions	Deletions	Ending Balances
Depreciable Capital Assets				
Buildings	\$ 830,512	-	-	830,512
Vehicles	353,382	115,964	97,311	372,035
Equipment	60,917	-	-	60,917
Land Improvements	92,279	-	-	92,279
	<u>1,337,090</u>	<u>115,964</u>	<u>97,311</u>	<u>1,355,743</u>
Less Accumulated Depreciation				
Buildings	202,784	16,610	-	219,394
Vehicles	181,533	43,997	97,311	128,219
Equipment	5,763	5,357	-	11,120
Land Improvements	56,329	4,614	-	60,943
	<u>446,409</u>	<u>70,578</u>	<u>97,311</u>	<u>419,676</u>
 Total Net Capital Assets	 <u>890,681</u>	 <u>45,386</u>	 <u>-</u>	 <u>936,067</u>

Depreciation expense of \$70,578 is charged to the special recreation function in the Statement of Activities.

TEMPORARILY RESTRICTED NET POSITION

The Association receives contributions in addition to property tax revenues from member districts to be used for authorized special recreation expenses. These funds are not returned in full to member districts at the end of each year, instead they are maintained by the Association. At May 31, 2016, the following is temporarily restricted net position available to member districts for the benefit of its citizens with special needs:

Agency	Amount
Scholarships	<u>\$ 37,500</u>

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

**Notes to the Financial Statements
May 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS

In the financial statements, the Association first utilizes restricted resources to finance qualifying activities, then committed, assigned and unassigned fund balance, as applicable.

	<u>Amount</u>
Fund Balance	
Nonspendable - Prepaids	\$ 22,837
Restricted - Scholarships	37,500
Unassigned	<u>1,891,702</u>
 Total Fund Balance	 <u><u>1,952,039</u></u>

LONG-TERM LIABILITY ACTIVITY

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

	Beginning Balances as Restated	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Compensated Absences	\$ 70,671	19,009	38,018	51,662	10,332
Net Pension Liability - IMRF	697,423	84,500	-	781,923	-
	<u>768,094</u>	<u>103,509</u>	<u>38,018</u>	<u>833,585</u>	<u>10,332</u>

NET POSITION RESTATEMENT

Net position was restated due to the implementation of GASB Statement No. 68. The following is a summary of the net position as originally reported and as restated:

<u>Net Position</u>	<u>As Reported</u>	<u>As Restated</u>	<u>(Decrease)</u>
Governmental Activities	\$ 2,730,323	2,204,342	(525,981)

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

**Notes to the Financial Statements
May 31, 2016**

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, 1992, 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, 2016 through January 1, 2017:

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	\$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

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

**Notes to the Financial Statements
May 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Park District Risk Management Agency (PDRMA) – Continued

Coverage	Member Deductible	PDRMA Self- Insured Retention	Limits
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			
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.

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

**Notes to the Financial Statements
May 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Park District Risk Management Agency (PDRMA) – Continued

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, 2015 and the statement of revenues and expenses for the period ending December 31, 2015:

Assets	\$63,181,823
Liabilities	23,063,014
Member Balances	40,708,211
Revenues	18,585,098
Expenditures	19,500,046

The Association's portion of the overall equity in the pool is 0.131% or \$53,373.

Since 95.90% 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.

Park District Risk Management Agency (PDRMA) Health Program

On September 1, 2008, the Association became a member of the Park District Risk Management Agency (PDRMA) Health Program, a health insurance 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).

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

**Notes to the Financial Statements
May 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Park District Risk Management Agency (PDRMA) Health Program – Continued

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, 2015 and the statement of revenues and expenses for the period ending December 31, 2015:

Assets	\$17,141,280
Liabilities	5,510,343
Member Balances	11,883,538
Revenues	36,926,788
Expenditures	34,071,062

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.

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.

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

Notes to the Financial Statements
May 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

MEMBER AGENCY CONTRIBUTIONS

More than half of the Association’s funding comes from its Member District Contributions. The following is a list of the Member Districts and their respective contributions for the year ended May 31, 2016:

District	Contribution
Clarendon Hills	\$ 81,967
Darien Park District	140,629
Downers Grove Park District	358,504
Community Park District of LaGrange Park	104,425
Park District of LaGrange	57,471
Lemont	142,621
Lisle Park District	195,124
Westmont Park District	139,447
Woodridge Park District	188,828
Village of Brookfield	65,268
Village of Indian Head Park	22,550
Village of Western Springs	101,968
	<u>1,598,802</u>

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

The Association contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan; those provisions can only be amended by the Illinois General Assembly. IMRF provides retirement, disability, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. 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.

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

Notes to the Financial Statements
May 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Plan Descriptions

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

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

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.

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

Notes to the Financial Statements
May 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions

Plan Membership. As of December 31, 2015, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	2
Inactive Plan Members Entitled to but not yet Receiving Benefits	9
Active Plan Members	<u>19</u>
Total	<u><u>30</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. The Association's annual contribution rate for calendar year 2015 was 18.33% of covered payroll.

Net Pension Liability. The Association's net pension liability was measured as of December 31, 2015. 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, 2015, using the following actuarial methods and assumptions:

Actuarial Valuation Date	12/31/2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	2.75%
Inflation	2.75%

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

Notes to the Financial Statements
May 31, 2016

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 nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). 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-2014 (base year 2014). 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-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Discount Rate

The discount rate used to measure the total pension liability 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 District 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 presents the plan’s net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan’s net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.507%)
Net Pension Liability	\$ 1,113,742	781,923	528,816

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

Notes to the Financial Statements
May 31, 2016

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, 2014	\$ 2,367,725	1,670,302	697,423
Changes for the Year:			
Service Cost	92,165	-	92,165
Interest on the Total Pension Liability	180,364	-	180,364
Difference Between Expected and Actual Experience of the Total Pension Liability	37,662	-	37,662
Changes of Assumptions	-	-	-
Contributions - Employer	-	171,442	(171,442)
Contributions - Employees	-	42,424	(42,424)
Net Investment Income	-	8,841	(8,841)
Benefit Payments, including Refunds of Employee Contributions	(17,919)	(17,919)	-
Other (Net Transfer)	-	2,984	(2,984)
Net Changes	292,272	207,772	84,500
Balances at December 31, 2015	2,659,997	1,878,074	781,923

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

Notes to the Financial Statements
May 31, 2016

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 May 31, 2016, the Association recognized pension expense of \$56,109. At May 31, 2016, 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	\$ 32,927	-	32,927
Change in Assumptions	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	99,114	-	99,114
Pension Contributions Made Subsequent to the Measurement Date	56,109	-	56,109
Total Deferred Amounts Related to IMRF	188,150	-	188,150

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 Outflows of Resources
2017	\$ 85,622
2018	29,513
2019	29,513
2020	29,515
2021	4,735
Thereafter	9,252
Total	188,150

SOUTH EAST ASSOCIATION OF SPECIAL PARKS AND RECREATION, ILLINOIS

Notes to the Financial Statements
May 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the Association provides certain health care insurance benefits for retired employees. In accordance with the personnel policy substantially all of the Association's employees may become eligible for those benefits if they reach normal retirement age while working for the Association. The retirees pay 100 percent of the annual premium for health insurance. The Association's health insurance provider, PDRMA utilizes community based rates, which adjust for the demographics of the Association's pool of participants, including age, etc. Therefore, there is no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Additionally, the Association had no former employees for which the Association was providing an explicit subsidy as of May 31, 2016.

DEFERRED COMPENSATION PLAN

The Association offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to full-time employees and employees regularly working more than 1,000 hours, permits them to defer a portion of their salary until future years. No discretionary contributions are made by the Association. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

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.

SOUTH EAST ASSOCIATION FOR SPECIAL PARKS AND RECREATION, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
May 31, 2016**

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 170,298	\$ 171,442	\$ 1,144	\$ 935,191	18.33%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	28 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.00%
Salary Increases	4.40% - 16.00%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2000 Combined Healthy Mortality Table

Notes:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

SOUTH EAST ASSOCIATION FOR SPECIAL PARKS AND RECREATION, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
May 31, 2016**

	December 31, 2015
Total Pension Liability	
Service Cost	\$ 92,165
Interest	180,364
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	37,662
Change of Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	<u>(17,919)</u>
Net Change in Total Pension Liability	292,272
Total Pension Liability - Beginning	<u>2,367,725</u>
Total Pension Liability - Ending	<u><u>2,659,997</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 171,442
Contributions - Members	42,424
Net Investment Income	8,841
Benefit Payments, Including Refunds of Member Contributions	(17,919)
Other (Net Transfer)	<u>2,984</u>
Net Change in Plan Fiduciary Net Position	207,772
Plan Net Position - Beginning	<u>1,670,302</u>
Plan Net Position - Ending	<u><u>1,878,074</u></u>
Employer's Net Pension Liability	<u><u>\$ 781,923</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.60%
Covered-Employee Payroll	\$ 935,191
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	83.61%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

SOUTH EAST ASSOCIATION FOR SPECIAL PARKS AND RECREATION, ILLINOIS

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended May 31, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Member District Contributions	\$ 1,598,802	1,598,802	1,598,802
Donations	60,000	60,000	58,434
Grants	-	-	14,607
Registration Fees	731,864	731,864	719,965
Inclusion Fees	150,000	150,000	152,897
Fund Development	101,000	101,000	59,464
Interest Income	17,630	17,630	24,196
Risk Management	1,500	1,500	1,500
Miscellaneous	800	800	952
Total Revenues	<u>2,661,596</u>	<u>2,661,596</u>	<u>2,630,817</u>
Operating Expenditures			
Salaries and Wages	1,476,520	1,476,520	1,433,082
Other Personnel Costs	487,378	487,378	459,380
Other Operations and Maintenance Costs	441,510	441,510	421,116
Other General and Administrative Costs	208,517	208,517	157,505
Total Operating Expenditures	<u>2,613,925</u>	<u>2,613,925</u>	<u>2,471,083</u>
Capital Outlay	134,485	134,485	122,508
Total Expenditures	<u>2,748,410</u>	<u>2,748,410</u>	<u>2,593,591</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,814)	(86,814)	37,226
Other Financing Sources			
Disposal of Capital Assets	4,000	4,000	4,500
Change in Fund Balance	<u>(82,814)</u>	<u>(82,814)</u>	41,726
Fund Balance - Beginning			<u>1,910,313</u>
Fund Balance - Ending			<u><u>1,952,039</u></u>

SOUTH EAST ASSOCIATION FOR SPECIAL PARKS AND RECREATION, ILLINOIS

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended May 31, 2016**

	Budget		Actual
	Original	Final	
Salaries and Wages			
Administrative, Clerical and Bookkeeping	\$ 406,500	406,500	379,375
Program Supervisor, Instructors, and Leaders	1,065,820	1,065,820	1,048,937
Intern Students	4,200	4,200	4,770
Total Salaries and Wages	1,476,520	1,476,520	1,433,082
Other Personnel Costs			
Employee Group Insurance	184,655	184,655	170,404
Retirement and FICA Payments	292,595	292,595	278,951
Workers' Compensation Insurance	10,128	10,128	10,025
Total Other Personnel Costs	487,378	487,378	459,380
Other Operations and Maintenance Costs			
Contractual Services	66,800	66,800	62,274
Rental and Leasing	98,317	98,317	91,342
Travel	38,159	38,159	25,112
Transportation	22,020	22,020	18,103
Recreation Program Service	56,000	56,000	50,824
Recreation Supplies and Equipment	115,686	115,686	135,407
Day Camp Supplies	8,500	8,500	3,635
Publication and Printing	26,850	26,850	26,139
Postage	9,178	9,178	8,280
Total Other Operations and Maintenance Costs	441,510	441,510	421,116
Other General and Administrative Costs			
Legal	5,000	5,000	135
Audit	6,200	6,200	6,200
Computers	34,800	34,800	37,235
Telephone	6,500	6,500	5,286
Education and Training	24,525	24,525	14,113
Background Check	2,000	2,000	1,961
Dues and Subscriptions	5,250	5,250	5,430
Legal Publications	275	275	-
Public Relations	17,000	17,000	16,288
Office Utilities	6,200	6,200	5,340
Office Supplies	6,000	6,000	4,920
Other Office Expenditures	8,180	8,180	7,706
Board Expenditures	350	350	323

SOUTH EAST ASSOCIATION FOR SPECIAL PARKS AND RECREATION, ILLINOIS

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended May 31, 2016**

	Budget		Actual
	Original	Final	
Other General and Administrative Costs - Continued			
Insurance	\$ 27,837	27,837	28,192
Summer Celebration	1,200	1,200	347
Drop-In Center	750	750	367
Bank Charges	5,550	5,550	5,845
Fund Development	32,400	32,400	16,119
Facility Costs	2,000	2,000	1,320
Strategic Plan	2,500	2,500	378
Unemployment Contingency	14,000	14,000	-
Total Other General and Administrative Costs	208,517	208,517	157,505
Total Operating Expenditures	2,613,925	2,613,925	2,471,083
Capital Outlay			
Equipment	500	500	256
Capital Replacement Program	127,985	127,985	122,007
Building Improvements	6,000	6,000	245
Total Capital Outlay	134,485	134,485	122,508
Total Expenditures	2,748,410	2,748,410	2,593,591

SUPPLEMENTAL SCHEDULES

SOUTH EAST ASSOCIATION FOR SPECIAL PARKS AND RECREATION, ILLINOIS

**Assessed Valuation, Tax Rates, Allocations and Extensions - Last Ten Tax Levy Years
May 31, 2016 (Unaudited)**

See Following Page

SOUTH EAST ASSOCIATION FOR SPECIAL PARKS AND RECREATION, ILLINOIS

**Assessed Valuation, Tax Rates, Allocations and Extensions - Last Ten Tax Levy Years
May 31, 2016 (Unaudited)**

	2004	2005	2006
Assessed Valuations			
Clarendon Hills	\$ 373,315,645	430,115,053	478,193,686
Darien	761,529,397	823,883,032	896,101,684
Downers Grove	1,827,408,577	1,996,240,613	2,171,701,123
LaGrange	450,999,073	581,628,254	579,828,166
LaGrange Park	279,891,585	355,400,683	352,977,182
Lemont (2)	-	-	-
Lisle	1,083,852,693	1,145,489,472	1,243,053,874
Westmont	701,000,255	765,940,642	849,134,492
Woodridge	941,478,911	1,022,166,390	1,105,808,505
Village of Brookfield (1)	(1)	(1)	378,555,877
Village of Indian Head Park	121,973,167	143,241,949	145,814,535
Village of Western Springs	437,704,094	557,339,275	584,476,051
Total Assessed Valuations	<u>6,979,153,397</u>	<u>7,821,445,363</u>	<u>8,785,645,175</u>
Tax Rates (per \$100 Assessed Valuation)			
Clarendon Hills	0.0186	0.0169	0.0153
Darien	0.0146	0.0148	0.0163
Downers Grove	0.0148	0.0146	0.0149
LaGrange	0.0297	0.0318	0.0400
LaGrange Park	0.0181	0.0137	0.0149
Lemont (2)	(2)	(2)	(2)
Lisle	0.0169	0.0205	0.0236
Westmont	0.0146	0.0147	0.0148
Woodridge	0.0208	0.0172	0.0150
Village of Brookfield (1)	(1)	(1)	(1)
Village of Indian Head Park	0.0139	0.0122	0.0155
Village of Western Springs	0.0160	0.0129	0.0156
Total Tax Rates (per \$100 Assessed Valuation)	<u>0.1780</u>	<u>0.1693</u>	<u>0.1859</u>
Payments to SEASPAR from Current Tax Collections			
Clarendon Hills	58,835	68,818	76,511
Darien	120,017	131,821	143,376
Downers Grove	288,000	319,399	347,472
LaGrange	71,077	93,061	92,773
LaGrange Park	44,111	56,864	56,476
Lemont (2)	-	-	-
Lisle	170,815	183,278	198,889
Westmont	110,478	122,551	135,862
Woodridge	148,377	163,547	176,929
Village of Brookfield (1)	(1)	59,865	60,569
Village of Indian Head Park	19,223	22,919	23,330
Village of Western Springs	68,982	89,174	93,516
Total Payments to SEASPAR from Current Tax Collections	<u>1,099,915</u>	<u>1,311,297</u>	<u>1,405,703</u>

(1) Began participation as a member effective June 1, 2007 and does not levy a Special Recreation Fund as contributions are made directly from the General Fund.

(2) Began participation as a member effective June 1, 2015.

Tax Levy Year						
2007	2008	2009	2010	2011	2012	2013
527,464,860	564,684,209	567,445,104	536,563,767	494,740,249	462,702,462	452,857,701
955,493,341	1,011,934,660	1,006,720,100	947,151,946	892,768,365	823,047,456	776,955,566
2,361,449,876	2,492,668,655	2,492,967,497	2,348,156,863	2,210,047,699	2,075,076,440	1,980,665,324
612,625,585	714,355,904	799,273,956	795,274,788	653,057,314	610,360,800	576,935,697
373,793,121	400,221,314	428,552,160	434,868,975	363,522,692	336,131,046	317,519,480
-	-	-	-	-	-	787,960,486
1,312,830,511	1,377,671,035	1,356,894,933	1,272,955,260	1,201,896,498	1,129,173,097	1,078,033,387
920,732,617	985,793,104	980,496,950	918,135,965	892,294,817	813,421,958	770,425,269
1,216,740,357	1,293,910,002	1,297,811,087	1,225,705,258	1,175,412,790	1,099,898,476	1,043,248,243
403,234,238	445,106,680	473,006,330	485,312,370	416,941,325	382,214,818	360,599,223
154,765,478	174,728,538	184,758,423	182,912,155	145,920,676	133,658,087	124,584,548
624,503,226	732,054,437	776,554,231	781,304,276	636,370,071	594,459,035	563,356,546
9,463,633,210	10,193,128,538	10,364,480,771	9,928,341,623	9,082,972,496	8,460,143,675	8,833,141,470
0.0147	0.0289	0.0288	0.0263	0.0284	0.0242	0.0190
0.0169	0.0255	0.0335	0.0344	0.0357	0.0369	0.0358
0.0149	0.0154	0.0151	0.0160	0.0167	0.0183	0.0202
0.0400	0.0348	0.0367	0.0400	0.0400	0.0400	0.0400
0.0166	0.0224	0.0228	0.0219	0.0283	0.0306	0.0292
(2)	(2)	(2)	(2)	(2)	(2)	0.0400
0.0216	0.0242	0.0321	0.0385	0.0295	0.0314	0.3333
0.0330	0.0380	0.0387	0.0004	0.0400	0.0400	0.0400
0.0215	0.0188	0.0191	0.0202	0.0214	0.0224	0.0243
(1)	(1)	(1)	(1)	(1)	(1)	(1)
0.0153	0.0146	0.0146	0.0152	0.0205	0.0231	0.0248
0.0153	0.0171	0.0141	0.0155	0.0199	0.0191	0.0200
0.2098	0.2397	0.2555	0.2284	0.2804	0.2860	0.6266
84,394	83,912	84,322	83,167	83,463	83,749	81,967
152,879	150,373	149,599	146,809	150,611	148,972	140,629
377,833	370,411	370,455	363,964	372,837	375,589	358,504
98,020	106,153	118,772	123,268	110,171	110,475	104,425
59,807	59,473	63,683	67,405	61,327	60,840	57,471
-	-	-	-	-	-	142,621
210,053	204,722	201,635	197,308	202,761	204,380	195,124
147,317	146,489	145,702	142,311	150,531	147,229	139,447
194,678	192,075	192,855	189,984	198,293	199,082	188,828
64,517	66,143	70,289	75,223	70,338	69,181	65,268
24,762	25,965	27,455	28,351	24,617	24,192	22,550
99,921	108,783	115,396	121,102	107,356	107,597	101,968
1,514,181	1,514,499	1,540,163	1,538,892	1,532,305	1,531,286	1,598,802