



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

**Sugar Creek Golf Course, Illinois
Annual Financial Report
For the Year Ended December 31, 2016**

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619 Enterprise Drive | Oak Brook, Illinois 60523 | www.seldenfox.com
p 630.954.1400 | f 630.954.1327 | email@seldenfox.com

INDEPENDENT AUDITOR'S REPORT

Members of the Administrative Board
Sugar Creek Golf Course
Villa Park, Illinois

We have audited the accompanying financial statements of net position, revenues, expenses and changes in net position – budget and actual, and cash flows of **Sugar Creek Golf Course, Illinois**, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the 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 an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 opinion.

Statement of Financial Position	
As at 31 December 2019	
(\$ million)	
Assets	
Property, plant and equipment	1,234
Intangible assets	567
Financial assets	890
Other assets	123
Liabilities	
Financial liabilities	2,345
Other liabilities	678
Equity	
Share capital	1,000
Reserves	3,456
Retained earnings	1,234
Other reserves	567
Minority interest	123

BASIC FINANCIAL STATEMENTS

Sugar Creek Golf Course, Illinois
Statement of Revenues, Expenses and Changes in
Net Position - Budget and Actual
For the Year Ended December 31, 2016

	2016		2015
	Budget	Actual	Actual
Operating revenues:			
Charges for services	\$ 1,015,652	\$ 983,570	\$ 993,975
Miscellaneous	-	332	238
Rental income	41,100	44,040	50,373
Total operating revenues	1,056,752	1,027,942	1,044,586
Operating expenses:			
General and administration	261,927	269,000	266,342
Concessions	63,705	59,367	62,225
Operations	430,676	410,401	392,540
Pro shop	49,600	60,092	47,480
Depreciation	-	105,534	105,104
Total operating expenses	805,908	904,394	873,691
Operating income	250,844	123,548	170,895
Nonoperating revenue (expense):			
Interest income	-	1,313	87
Interest expense	(122,363)	(42,455)	(43,321)
Total nonoperating revenue (expense)	(122,363)	(41,142)	(43,234)
Income before transfers	128,481	82,406	127,661
Transfers out	(103,450)	-	-
Changes in net position	\$ 25,031	82,406	127,661
Net position, beginning of year		804,539	676,878
Net position, end of year		\$ 886,945	\$ 804,539

See accompanying notes.

Sugar Creek Golf Course, Illinois Notes to the Financial Statements

I. Summary of Significant Accounting Policies

A. General

The Sugar Creek Golf Course was created to account for the financing, construction, operation and maintenance of a nine-hole golf course facility under terms of an agreement dated February 1, 1975, between the Elmhurst Park District and the Village of Villa Park. The agreement provides that the Elmhurst Park District and the Village of Villa Park share equally in the costs of developing the facility, in the ownership of the property, and in any profits or deficits resulting from the Golf Course operations. The Board of Commissioners of the Elmhurst Park District and the Board of Trustees of the Village of Villa Park have established an Administrative Board to direct the operations of the facility.

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (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 Golf Course's accounting policies established in GAAP and used by the Golf Course are described below.

B. The Reporting Entity

In determining the financial reporting entity, the Golf Course 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 Golf Course. Based upon the criteria set forth in GASB Statement No. 61, there are no component units included in the reporting entity.

C. Basis of Presentation

Financial Statements – The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Golf Course's net position is recognized in three parts: net investment in capital assets, restricted and unrestricted. The Golf Course first utilizes restricted resources to finance qualifying activities. The Golf Course functions as a single proprietary fund.

Proprietary Funds – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flow. The generally accepted accounting principles applicable are similar to the private sector. The following is a description of the proprietary fund of the Golf Course.

Sugar Creek Golf Course, Illinois
Notes to the Financial Statements (cont'd)

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

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

2. Prepaids/Inventories

Prepaids/inventories are valued at cost, which approximates market, using the first-in first-out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in the financial statements.

3. Capital Assets

Capital assets purchased or acquired with an initial cost of more than \$5,000 and an estimated useful life in excess of two years are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets' lives, are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land development	15 - 40 years
Building and improvements	7 - 45 years
Machinery and equipment	3 - 20 years

4. Compensated Absences

The liability for compensated absences consists of unpaid, accumulated vacation balances for Golf Course employees who have completed one year of employment. The liability has been calculated based on the employee's current salary.

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Sugar Creek Golf Course, Illinois
Notes to the Financial Statements (cont'd)

III. Detailed Notes for All Activities and Fund Types

A. Deposits and Investments

Permitted Deposits and Investments – Statutes authorize the Golf Course 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 standard rating services, and the Illinois Funds.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the state to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2(a)(7) of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, which is the price the investment could be sold for. Illinois Funds have a weighted average maturity of less than one year.

At year end, the carrying amount of the Golf Course's deposits totaled \$23,782 and the bank balances totaled \$139,061. In addition, the Golf Course had \$1,354 invested in the Illinois Funds with a maturity of less than one year. The Golf Course also had cash on hand of \$1,400.

Interest Rate Risk – This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The Golf Course does not have a formal investment policy, but limits its exposure by investing only in deposits and investments with maturities of one year or less.

Credit Risk – Generally, credit risk is the risk that an issuer of a debt type instrument will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Golf Course does not have an investment policy that would further limit its investment choices. As of December 31, 2016, the Golf Course's investment in Illinois Funds is rated AAAM by Standard and Poor's.

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of the Golf Course's investment in a single issuer. The Golf Course does not have a formal written policy with regards to concentration of credit risk for investments. At December 31, 2016, the Golf Course has over 5% of total cash and investments invested in Illinois Funds.

Sugar Creek Golf Course, Illinois
Notes to the Financial Statements (cont'd)

III. Detailed Notes for All Activities and Fund Types (cont'd)

C. Changes in Long-term Debt

A summary of changes in long-term debt follows:

	Balance, January 1, 2016	Additions	Deletions	Balance, December 31, 2016	Amounts Due in One Year
Elmhurst Park District loan	\$ 1,025,448	\$ 99,440	\$ 95,875	\$ 1,029,013	\$ -
Village of Villa Park loan	166,017	122,141	121,563	166,595	-
Elmhurst Park District debt certificates	660,000	-	87,500	572,500	105,000
Village of Villa Park note	775,000	-	100,000	675,000	90,000
Accrued compensated absences	25,906	4,637	6,828	23,715	4,743
	<u>\$ 2,652,371</u>	<u>\$ 226,218</u>	<u>\$ 411,766</u>	<u>\$ 2,466,823</u>	<u>\$ 199,743</u>

Golf Course improvements were financed through a \$1,120,000 note payable issued by the Village of Villa Park and \$927,500 debt certificates issued by Elmhurst Park District. The Village of Villa Park \$1,120,000 note payable is due in annual installments of \$100,000 to \$120,000 plus interest through maturity on December 15, 2022. The Elmhurst Park District \$927,500 debt certificates are due in annual installments of \$87,500 to \$101,250 plus interest through maturity on November 1, 2022. Future principal and interest payments on the debt certificates and notes payable are as follows:

Year	Principal	Interest	Totals
2017	\$ 195,000	\$ 33,562	\$ 228,562
2018	201,250	27,975	229,225
2019	205,000	22,212	227,212
2020	211,250	17,050	228,300
2021	213,750	11,722	225,472
2022	221,250	6,338	227,588
	<u>\$ 1,247,500</u>	<u>\$ 118,859</u>	<u>\$ 1,366,359</u>

The accompanying notes are an integral part of these financial statements.
 All amounts are in millions of dollars unless otherwise indicated.

	2019	2018	2017
Operating income	\$1,234	\$1,123	\$1,012
Operating expenses	(876)	(987)	(1,098)
Operating profit	\$358	\$136	(96)
Other income	12	34	56
Other expense	(23)	(45)	(67)
Income before taxes	\$347	\$125	(107)
Income tax expense	(89)	(31)	(27)
Net income	\$258	\$94	(134)
Other comprehensive income	15	(10)	(20)
Comprehensive income	\$273	\$84	(154)
Basic earnings per share	\$2.58	\$0.94	(\$1.34)
Diluted earnings per share	\$2.53	\$0.91	(\$1.31)
Weighted average shares outstanding	100	100	100
Dividends per share	\$0.50	\$0.45	\$0.40
Dividends paid	\$50	\$45	\$40
Net change in cash	\$120	\$80	\$50
Free cash flow	\$150	\$100	\$70
Capital expenditures	(\$30)	(\$20)	(\$20)
Acquisitions	(\$10)	(\$10)	(\$10)
Divestitures	\$10	\$10	\$10
Other	(\$5)	(\$5)	(\$5)
Net change in cash	\$120	\$80	\$50
Operating assets	\$1,500	\$1,400	\$1,300
Operating liabilities	(\$800)	(\$750)	(\$700)
Operating assets less liabilities	\$700	\$650	\$600
Other assets	\$100	\$100	\$100
Other liabilities	(\$50)	(\$50)	(\$50)
Other assets less liabilities	\$50	\$50	\$50
Total assets less liabilities	\$750	\$700	\$650

SUPPLEMENTARY FINANCIAL INFORMATION

Sugar Creek Golf Course, Illinois
Schedule of Operating Expenses - Budget and Actual
For the Year Ended December 31, 2016

	2016		2015
	Budget	Actual	Actual
General and administration:			
Salaries and wages:			
Administration	\$ 191,997	\$ 201,892	\$ 202,245
Administrative staff	330	330	330
Facility and program staff	41,300	36,747	34,282
	<u>233,627</u>	<u>238,969</u>	<u>236,857</u>
Services:			
Audit	5,000	4,500	4,290
Credit card/finance charges	18,000	21,339	20,876
Occupational health	1,300	1,073	1,166
	<u>24,300</u>	<u>26,912</u>	<u>26,332</u>
Repairs and maintenance:			
Building repairs	4,000	3,119	3,153
	<u>4,000</u>	<u>3,119</u>	<u>3,153</u>
	261,927	269,000	266,342
Total general and administration			
Concessions:			
Repairs and maintenance:			
Plumbing and building repairs	5,205	4,580	5,190
Supplies:			
Concession merchandise	58,500	54,787	57,035
	<u>63,705</u>	<u>59,367</u>	<u>62,225</u>
	63,705	59,367	62,225
Total concessions			
Operations:			
Salaries and wages:			
Driving range staff	7,487	10,085	9,573
Operations staff	117,783	106,349	103,247
	<u>125,270</u>	<u>116,434</u>	<u>112,820</u>
	125,270	116,434	112,820

(cont'd)

Sugar Creek Golf Course, Illinois
Schedule of Operating Expenses - Budget and Actual (cont'd)
For the Year Ended December 31, 2016

	2016		2015
	Budget	Actual	Actual
Operations (cont'd):			
Supplies (cont'd):			
Uniforms	\$ 2,000	\$ 2,021	\$ 1,830
First aid	500	80	283
	<u>100,398</u>	<u>98,327</u>	<u>99,305</u>
Total operations	<u>430,676</u>	<u>410,401</u>	<u>392,540</u>
Pro shop:			
Supplies:			
Pro shop merchandise	30,000	41,673	31,688
Driving range supplies	14,000	12,896	11,665
Golf/clubhouse supplies	5,600	5,523	4,127
	<u>49,600</u>	<u>60,092</u>	<u>47,480</u>
Total pro shop	<u>49,600</u>	<u>60,092</u>	<u>47,480</u>
Depreciation	-	105,534	105,104
Total operating expenses	<u>\$ 805,908</u>	<u>\$ 904,394</u>	<u>\$ 873,691</u>

Sugar Creek Golf Course, Illinois
Schedules of Revenue By Source - Last Ten Fiscal Years
For the Year Ended December 31, 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating revenues:										
Greens fees	\$ 526,659	\$ 520,278	\$ 537,170	\$ 499,876	\$ 437,566	\$ 503,978	\$ 443,906	\$ 437,879	\$ 478,139	\$ 469,676
Membership	43,930	14,257	22,490	29,456	22,725	20,830	21,550	20,820	21,500	24,775
Driving range	67,404	73,402	85,647	75,185	68,624	84,427	101,597	102,354	111,534	107,840
Cart and club rental	83,969	84,717	81,687	74,904	60,967	82,770	79,404	87,585	111,329	115,546
Pro shop equipment sale	188,834	64,809	51,382	50,565	56,448	69,665	55,966	45,421	43,997	46,756
Concessions	162,041	151,248	153,205	152,435	120,533	134,728	117,860	110,960	131,709	118,372
Golf lessons	19,954	37,866	49,050	56,165	59,910	62,670	70,358	83,369	95,767	100,605
Miscellaneous	1,653	8,483	14,704	5,385	7,432	14,707	25,322	39,304	238	332
Rental income	28,787	23,288	20,538	30,232	31,212	35,555	36,109	38,656	50,373	44,040
Nonoperating revenues:										
Grants	-	-	-	-	-	-	-	3,044	-	-
Interest	5,362	1,353	395	100	54	151	71	46	87	1,313
Total	\$ 1,128,613	\$ 979,701	\$ 1,016,268	\$ 974,303	\$ 865,471	\$ 1,009,501	\$ 952,163	\$ 969,438	\$ 1,044,673	\$ 1,029,255

See independent auditor's report.