

Selden Fox

Accounting for your future

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

June 8, 2021

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

We have audited the financial statements of **Sugar Creek Golf Course, Illinois** (Sugar Creek), for the year ended December 31, 2020, and have issued our report thereon dated June 8, 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 9, 2021, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. The financial statements are the responsibility of management with your oversight. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management prior to field work beginning on March 15, 2021, and in our engagement letter dated February 9, 2021.

We address significant risks of material misstatement, whether due to error or fraud, by performing analytical procedures, making inquiries of those charged with governance, by observation and inspection, and by brainstorming with our audit team members. We use judgment to determine what a user of the financial statements would consider to be material in assessing the risk of misstatement. We also use judgment to determine our approach to internal control and further audit procedures relevant to significant audit areas. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we express no such opinion.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Sugar Creek are described in Note I to the financial statements. There were no new accounting policies adopted and the application of existing policies did not change during the year ended December 31, 2020.

As discussed in Note IV to the financial statements, the Elmhurst Park District allocated a portion of its net pension liability computed in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* in the current year.

We noted no transactions entered into by the Golf Course during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management, and are based on management's knowledge and experience about past and current events and assumptions about future events.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were five adjusting journal entries, three of which were reclassification entries for report presentation purposes and one which was provided by management after the start of field work, that are included in Exhibit 1. Management has corrected these misstatements. There was one uncorrected adjusting journal entry to reduce depreciation expense for full year depreciation taken on asset placed in service in December 2020. The effect of the uncorrected adjusting journal entry was not material to the financial statements.

Disagreements With Management

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

Significant Audit Findings (cont'd)

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 8, 2021.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. Sugar Creek is accounted for as an enterprise fund of the Elmhurst Park District. The Elmhurst Park District has engaged another audit firm to audit their financial statements.

Other Audit Findings or Issues

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

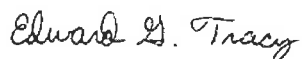
Other Matters

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

This information is intended solely for the use of the Administrative Board and management of Sugar Creek, the Board of Commissioners and management of the Elmhurst Park District, and the Board of Trustees and management of the Village of Villa Park, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SELDEN FOX, LTD.



Edward G. Tracy
Executive Vice President

EGT/cg

**Sugar Creek Golf Course, Illinois
Adjusting Journal Entries
For the Year Ended December 31, 2020**

Account	Description	Debit	Credit	P&L Increase (Decrease)
Adjusting Journal Entry JE # 1				
Client entry to record net pension liability under GASB Statement 68.				
80.00.1990.0000	Deferred Outflows - Pension	\$ 17,299.00	\$	\$ -
80.00.2900.0000	Retained Earnings	116,841.00		
80.00.2804.0000	Net Pension Liability	47,079.00		
80.00.2890.0000	Deferred Inflows - Pension		168,300.00	
80.00.5040.0000	Illinois Municipal Retirement Fund		12,919.00	(12,919.00)
Adjusting Journal Entry JE # 2				
Reconcile net position to prior year audit report.				
80.00.2752.0000	EPD Loan-Driving Range	21.28		
80.00.2900.0000	Retained Earnings		21.28	-
Adjusting Journal Entry JE # 3				
Reclassify current portion of long-term debt for report presentation.				
80.00.2801.0000	RJE - Noncurrent - Debt	213,750.00		
80.00.2800.0000	RJE - Current - Debt		213,750.00	-
Adjusting Journal Entry JE # 4				
Reclassify compensated absences payable for report presentation.				
80.00.2600.0000	Accrued Wages Payable	29,934.72		
80.00.2802.0000	RJE - Current - Compensated Absences		5,896.94	
80.00.2803.0000	RJE - Noncurrent - Compensated Absences		23,947.78	-
Adjusting Journal Entry JE # 5				
Reclassify advance due from Park District as receivable.				
80.00.1200.0000	Accounts Receivable	60,000.00		
80.00.2200.0000	Accounts Payable		60,000.00	-
				<u>\$ (12,919.00)</u>

**SUGAR CREEK GOLF COURSE
BOARD OF COMMISSIONERS
MEMORANDUM**

DATE: June 14, 2021

TO: Board of Commissioners

FROM: Brian McDermott, Director of Enterprise Services
Barbara J. Stenbridge, Director of Finance

**RE: AUDIT FOR THE YEAR ENDED DECEMBER 31, 2020 –
SUGAR CREEK GOLF COURSE**

ISSUE

The Board of Commissioners has been presented with the audited financial statements of Sugar Creek Golf Course for 2020. This audit is required by state statute, the Illinois Compiled Statutes (volume 50), paragraph 310/1-11.

DISCUSSION

Sugar Creek's independent audit firm, Selden Fox, along with District personnel, has completed the audit for the fiscal year ended December 31, 2020. Selden Fox completed audit fieldwork at the beginning of March and issued a final report on June 10, 2021.

The audit opinion letter on page one of the audit report indicates that the Golf Course received an unqualified or "clean" opinion. This opinion indicates that the statements are free of material misstatement, prepared in conformity with Generally Accepted Accounting Principles (GAAP) and that the auditor's opinion is based upon their audit, which was conducted in conformity with Generally Accepted Auditing Standards (GAAS).

The financial statements are prepared using accrual accounting and the Golf Course functions as a single proprietary fund. Similar to private sector accounting, the focus of proprietary fund measurement is on the determination of operating income, changes in net position, financial position and cash flow. Included with the annual audit is the management letter prepared by Selden Fox.

Selden Fox auditor Michael Sarrazine will review the audit with the Park Board at the June 14, 2021 board meeting. The financial statements report that the Sugar Creek Golf Course reported net assets of \$1,181,801 which is an increase of \$125,399 from the prior year.

According to Illinois Compiled Statutes (Vol. 50), paragraph 310/1-11, the audited financial statements must be accepted by the Park Board of Commissioners and filed with the appropriate State and local agencies within six (6) months of the end of the fiscal year.

RECOMMENDATION

That the Board of Commissioners accepts the audited financial statements for Sugar Creek Golf Course.

Attachments: Sugar Creek Golf Course 2020 Audited Financial Statements



**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020**

SUGAR CREEK GOLF COURSE, ILLINOIS

Annual Financial Report

For the Year Ended December 31, 2020

Selden Fox

Accounting for your future

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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, 2020, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Sugar Creek Golf Course as of December 31, 2020, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Management has omitted the management's discussion and analysis, the schedules of changes in the net pension liability and related ratios and the schedule of contributions that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not modified with respect to this matter.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Sugar Creek Golf Course's basic financial statements. The comparative schedule of operating revenues – budget and actual, and the schedule of operating expenses – budget and actual (collectively referred to as "supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The statistical information 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.

Prior Year Comparative Information

We have previously audited the Sugar Creek Golf Course's 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated June 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it is derived.

Selden Fox, Ltd.

June 8, 2021

**Sugar Creek Golf Course, Illinois
Annual Financial Report
For the Year Ended December 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

Sugar Creek Golf Course, Illinois
Statement of Net Position
December 31, 2020

Assets and Deferred Outflows	Business-type Activities
Current assets:	
Cash	\$ 281,192
Receivable	60,000
Inventories/prepaid expenses	7,503
Deposits	3,600
Total current assets	352,295
Noncurrent assets:	
Other receivable	5,173
Capital assets not being depreciated	1,973,753
Capital assets, net of accumulated depreciation	1,274,459
Net pension asset	47,079
Total noncurrent assets	3,300,464
Total assets	3,652,759
Deferred outflows - pensions	17,299
Total assets and deferred outflows	3,670,058
Liabilities and Deferred Inflows	
Accounts payable	216,730
Accrued payroll	7,945
Deferred program revenue	89,206
Total current liabilities	313,881
Noncurrent liabilities:	
Due within one year	219,737
Due in more than one year	1,786,339
Total noncurrent liabilities	2,006,076
Total liabilities	2,319,957
Deferred inflows - pensions	168,300
Total liabilities and deferred inflows	2,488,257
Net Position	
Net position:	
Net investment in capital assets	1,272,071
Unrestricted deficit	(90,270)
Total net position	\$ 1,181,801

See accompanying notes.

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, 2020

	2020		2019
	Budget	Actual	Actual
Operating revenues:			
Charges for services	\$ 1,020,852	\$ 860,391	\$ 947,532
Miscellaneous	-	109	222
Rental income	49,600	25,739	48,599
Total operating revenues	1,070,452	886,239	996,353
Operating expenses:			
General and administration	290,768	283,489	289,511
Concessions	51,705	22,200	52,924
Operations	412,555	280,865	369,875
Pro shop	47,000	26,324	43,816
Capital purchases	40,000	-	-
Depreciation	-	121,040	122,993
Total operating expenses	842,028	733,918	879,119
Operating income	228,424	152,321	117,234
Nonoperating revenue (expense):			
Interest income	-	16	838
Interest expense	(228,300)	(25,938)	(52,926)
Total nonoperating revenue (expense)	(228,300)	(25,922)	(52,088)
Changes in net position	\$ 124	126,399	65,146
Net position, beginning of year		1,055,402	990,256
Net position, end of year		\$ 1,181,801	\$ 1,055,402

See accompanying notes.

Sugar Creek Golf Course, Illinois
Statement of Cash Flows
For the Year Ended December 31, 2020

	Business-type Activities
Cash flows from operating activities:	
Received from customers and users	\$ 975,445
Paid to suppliers for goods and services	(169,055)
Paid to employees for services	(312,893)
Net cash flows from operating activities	493,497
Cash flows from capital and related financing activities:	
Purchase of capital assets	(68,566)
Proceeds from intergovernmental advance	60,000
Principal paid on intergovernmental agreement obligation	(211,250)
Interest paid on intergovernmental agreement obligation	(17,051)
Net cash flows from capital and related financing activities	(236,867)
Cash flows from investing activities - interest income	16
Net change in cash	256,646
Cash, beginning of the year	24,546
Cash, end of the year	\$ 281,192
Reconciliation of operating income to net cash flows from operating activities:	
Operating income	\$ 152,321
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	121,040
Changes In:	
Inventories/prepaid expenses	5,098
Accounts payable	133,320
Accrued payroll and compensated absences	5,431
Deferred program revenue	89,206
Pension-related deferred outflows	19,144
Pension-related deferred inflows	101,638
Net pension liability	(133,701)
	\$ 493,497

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)

C. Basis of Presentation (cont'd)

Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Golf Course is accounted for as an enterprise fund.

D. Measurement Focus, Basis of Accounting and Basis of Presentation

The financial statements are reported 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 the activities are reported. Proprietary fund equity is classified as net position.

The financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability/deferred inflow is incurred or the 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenue and expense generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues of the Golf Course's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Assets/Deferred Outflows, Liabilities/Deferred Inflows and Net Position or Equity

1. Cash and Investments

For purposes of the statement of net position, the Golf Course's cash is considered to be cash on hand, demand deposits and cash with a 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 an established market, if any, are reported at estimated fair value. There were no investments held at December 31, 2020.

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.

5. Deferred Outflows and Inflows of Resources

Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period; they increase net position, similar to assets. Note IV provides further detail on the components of deferred outflows of resources in the statement of net position.

Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period; they decrease net position, similar to liabilities. Note IV provides further detail on the components of deferred outflows of resources in the statement of net position.

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)

6. Net Position

Net position is displayed in three components as follows:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

7. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. Stewardship, Compliance and Accountability

Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriations are adopted. All annual appropriations lapse at year end. The budget is prepared by function and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. The proposed budget is presented to the governing bodies for review. The governing bodies hold public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. The governing body may amend the budget. Expenses may not legally exceed appropriations at the fund level. During the year, no supplementary appropriations were necessary. The Golf Course does not budget for depreciation expense. Actual expenses, net of depreciation, did not exceed budgeted expenses at the fund level.

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 December 31, 2020, the Golf Course did not have any deposits with the Illinois Funds.

At year end, the carrying amount of the Golf Course's deposits was \$279,792, and the bank balances totaled \$280,800. 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, 2020, the Golf Course did not have any investments.

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.

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

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

A. Deposits and Investments (cont'd)

Custodial Credit Risk – For deposits, this is the risk that, in the event of a bank failure, a government will not be able to recover its deposits. At December 31, 2020, \$250,000 of the bank balance was covered by federal depository insurance, and the remaining \$30,800 was uninsured and uncollateralized. For investments, this is the risk that in the event of the failure of the counterparty, the Golf Course will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Golf Course does not have a formal policy for custodial credit risk.

B. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance, January 1, 2020	Additions	Retirements/ Adjustments	Balance, December 31, 2020
Business-type activities				
Nondepreciable capital assets:				
Land	\$ 1,866,353	\$ -	\$ -	\$ 1,866,353
Construction in progress	50,400	57,000	-	107,400
	<u>1,916,753</u>	<u>57,000</u>	<u>-</u>	<u>1,973,753</u>
Capital assets, being depreciated:				
Land development	2,181,798	-	-	2,181,798
Building and improvements	1,722,758	-	-	1,722,758
Machinery and equipment	501,434	11,566	-	513,000
Total capital assets	<u>4,405,990</u>	<u>11,566</u>	<u>-</u>	<u>4,417,556</u>
Less accumulated depreciation for:				
Land development	1,811,424	66,028	-	1,877,452
Building and improvements	783,291	36,974	-	820,265
Machinery and equipment	427,342	18,038	-	445,380
Total accumulated depreciation	<u>3,022,057</u>	<u>121,040</u>	<u>-</u>	<u>3,143,097</u>
Depreciable capital assets, net	<u>1,383,933</u>	<u>(109,474)</u>	<u>-</u>	<u>1,274,459</u>
Business-type activities' capital assets, net	<u>\$ 3,300,686</u>	<u>\$ (52,474)</u>	<u>\$ -</u>	<u>\$ 3,248,212</u>

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, 2020	Additions	Deletions	Balance, December 31, 2020	Amounts Due in One Year
Elmhurst Park District loan	\$ 1,080,805	\$ 171,362	\$ 104,563	\$ 1,147,604	\$ -
Village of Villa Park loan	331,449	186,713	124,625	393,537	-
Elmhurst Park District debt certificates	296,250	-	96,250	200,000	98,750
Village of Villa Park debt certificates	350,000	-	115,000	235,000	115,000
Accrued compensated absences	26,176	12,858	9,099	29,935	5,987
	<u>\$ 2,084,680</u>	<u>\$ 370,933</u>	<u>\$ 449,537</u>	<u>\$ 2,006,076</u>	<u>\$ 219,737</u>

Golf Course improvements were financed through \$1,120,000 debt certificates 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 debt certificates are due in annual installments of \$115,000 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 \$96,250 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
2021	\$ 213,750	\$ 11,722	\$ 225,472
2022	221,250	6,338	227,588
	<u>\$ 435,000</u>	<u>\$ 18,060</u>	<u>\$ 453,060</u>

The annual payments due on the debt certificates are considered a priority budget item of the Golf Course. In the event all or any portion of the annual payment cannot be made by the Golf Course, the Village and Park District shall nevertheless pay the principal and interest. Such amount would either be repaid by the Golf Course to the Village or Park District as funds become available or serve as a credit with respect to their respective share of Golf Course operating costs under the Operating Agreement between the Village and Park District. Should the Golf Course cease operations, both the Village and Park District would be obligated for their proportionate share of each debt certificate obligation.

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 (cont'd)

In prior years, the Park District and Village have made loans to the Golf Course to cover operational and debt service shortfalls. In 2020, Sugar Creek Golf Course paid both entities the full current year principal and interest due on the debt instruments. As a result, the Elmhurst Park District was repaid \$104,563 and the Village of Villa Park was repaid \$124,625 in principal and interest for payments made on behalf of the Sugar Creek Golf Course. During 2020, the Village of Villa Park and Elmhurst Park District issued advances for consulting services related to restoration projects totaling \$120,000 (\$60,000 each). A receivable was established for the advance from Elmhurst Park District as the amount was not received until after year end. The advances were added to the balances of each note. In 2020, the Golf Course accrued interest of \$6,799 on the outstanding loan from the Elmhurst Park District of \$1,147,604 and \$2,088 on the outstanding loan from the Village of Villa Park of \$393,537.

D. Net Position Classifications

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

Capital assets, net of accumulated depreciation	\$	3,248,212
Less capital-related debt:		
Loans from Elmhurst Park District and Village of Villa Park		(1,541,141)
Elmhurst Park District debt certificates		(200,000)
Village of Villa Park debt certificates		(235,000)
		(2,976,141)
Net investment in capital assets	\$	1,272,071

E. Operating Leases

At December 31, 2020, the Golf Course was obligated under operating leases for golf operations equipment. Future minimum lease payments total \$26,960 in 2021, 2022 and 2023.

Rent expense under operating leases totaled \$28,310 during 2020.

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

IV. Other Information

A. Risk Management

The Golf Course is covered by the Elmhurst Park District's membership in the Park District Risk Management Agency (PDRMA). Risks covered include general liability, property, automotive liability, crime, boiler and machinery, public officials and workers' compensation. Premiums have been displayed as an expense as they expire.

There has been no reduction in insurance coverage for any programs since the prior fiscal year. Settlements have not exceeded insurance coverage in the last three years.

B. Employee Retirement Plan

General Information About the Pension Plan

Plan Description – The Golf Course's defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), provides pensions for all full-time employees of the Golf Course. IMRF is an 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 types of benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org. The Golf Course participates in IMRF through the Elmhurst Park District.

Benefits Provided – IMRF provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011, who retire at or after age 60 with 8 years of service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent of each year thereafter. Employees with at least 8 years of service may retire at or after age 55 and receive a reduced benefit. For participating members hired on or after January 1, 2011, who retire at or after age 67 with 10 years of service, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$115,929 at January 1, 2020. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index.

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

IV. Other Information (cont'd)

B. Employee Retirement Plan (cont'd)

General Information About the Pension Plan (cont'd)

Benefits Provided (cont'd) – Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits.

Contributions – Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Golf Course is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution and annual required contribution rate for calendar year 2020 was 10.62 percent. The Golf Course's contribution to the Plan totaled \$25,109 in the fiscal year ended December 31, 2020, which was equal to its annual required contribution.

Net Pension Liability

The Golf Course is a component unit of the Elmhurst Park District. Park District management has allocated approximately 4.81% of the Park District's pension responsibility to the Golf Course. The Park District's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Valuation and Assumptions – The actuarial assumptions used in the December 31, 2020, valuation were based on an actuarial experience study for the period January 1, 2017 – December 31, 2019, using the entry age normal actuarial cost method. The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% (formerly 2.50%)
Salary increases	2.85% to 13.75%
Investment rate of return	7.25%
Post-retirement benefit increase:	
Tier 1	3.0%-simple
Tier 2	lesser of 3.0%-simple or ½ increase in CPI

The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2020, was 20 years.

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

IV. Other Information (cont'd)

B. Employee Retirement Plan (cont'd)

Net Pension Liability (cont'd)

Mortality Rates – For non-disabled lives, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (Adjusted 105%) tables, and future mortality improvement projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Long-term Expected Rate of Return – The long-term expected rate of return is the expected return to be earned over the entire trust portfolio based on the asset allocation of the portfolio, using best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) developed for each major asset class. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	37%	5.00%
International equities	18%	6.00%
Fixed income	28%	1.30%
Real estate	9%	6.20%
Alternatives:	7%	
Private equity		6.95%
Hedge funds		N/A
Commodities		2.85%
Cash equivalents	1%	0.70%

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

IV. Other Information (cont'd)

B. Employee Retirement Plan (cont'd)

Net Pension Liability (cont'd)

Discount Rate – The discount rate used to measure the total pension liability, computed for the Elmhurst Park District as a whole, was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Golf Course contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees for the next 99 years. Therefore, the long-term expected rate of return on pension plan investments (7.25%) was applied to the next 99 periods of projected benefit payments, and then the tax-exempt municipal bond rate (2.00%) (based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date), was utilized, resulting in a single discount rate of 7.25% being used to determine the total pension liability.

Additional information regarding the change in the net pension liability and discount rate sensitivity for the Elmhurst Park District as a whole may be found in the Elmhurst Park District Comprehensive Annual Financial Report. Such information has not been determined separately for the Golf Course.

Net Pension Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Golf Course

At December 31, 2020, the Golf Course's portion of the Elmhurst Park District's net pension asset is \$47,079. For the year ended December 31, 2020, the Golf Course recognized pension expense of \$12,190 in the government-wide financial statements. At December 31, 2020, the Golf Course reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ 9,185	\$ 33,480	\$ (24,295)
Changes in assumptions	8,114	10,795	(2,681)
Net difference between projected and actual earnings on pension plan investments	-	124,025	(124,025)
Total	\$ 17,299	\$ 168,300	\$ (151,001)

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

IV. Other Information (cont'd)

B. Employee Retirement Plan (cont'd)

**Net Pension Liability, Pension Expense and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions – Golf Course (cont'd)**

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

Year Ending December 31,

2021	\$	(41,344)
2022		(32,786)
2023		(56,646)
2024		<u>(20,225)</u>
Total	\$	<u>(151,001)</u>

SUPPLEMENTARY FINANCIAL INFORMATION

Sugar Creek Golf Course, Illinois
Schedule of Operating Revenues - Budget and Actual
For the Year Ended December 31, 2020

	2020		2019
	Budget	Actual	Actual
Charges for services:			
Equipment rentals:			
Pull cart rental	\$ 6,700	\$ 33	\$ 5,352
Club car rental	114,000	136,793	107,727
Golf club rental	1,500	132	1,833
Greens fees	477,435	527,315	425,364
Punch rounds	8,100	1,400	7,800
Season passes	7,417	450	6,485
Permanent tee times	6,700	600	5,150
Driving range	110,000	105,000	107,618
Driving range instruction	114,500	9,662	110,515
Sales:			
Pro shop	40,000	18,928	37,281
Beer/wine/liquor	92,000	47,346	92,292
Food	21,500	2,532	21,308
Soft drink	21,000	10,200	18,807
Total charges for services	1,020,852	860,391	947,532
Miscellaneous	-	109	222
Rental income	49,600	25,739	48,599
	\$ 1,070,452	\$ 886,239	\$ 996,353

Sugar Creek Golf Course, Illinois
Schedule of Operating Expenses - Budget and Actual
For the Year Ended December 31, 2020

	2020		2019
	Budget	Actual	Actual
General and administration:			
Salaries and wages:			
Administration	\$ 213,494	\$ 208,706	\$ 225,088
Administrative staff	330	385	385
Facility and program staff	45,430	29,455	35,385
	<u>259,254</u>	<u>238,546</u>	<u>260,858</u>
Services:			
Audit	4,800	4,600	4,600
Credit card/finance charges	20,900	33,507	20,557
Occupational health	1,814	241	804
	<u>27,514</u>	<u>38,348</u>	<u>25,961</u>
Repairs and maintenance:			
Building repairs	4,000	6,595	2,692
Total general and administration	<u>290,768</u>	<u>283,489</u>	<u>289,511</u>
Concessions:			
Repairs and maintenance:			
Plumbing and building repairs	4,205	2,901	2,925
Supplies:			
Concession merchandise	47,500	19,299	49,999
Total concessions	<u>51,705</u>	<u>22,200</u>	<u>52,924</u>
Operations:			
Salaries and wages:			
Driving range staff	11,099	5,236	9,001
Operations staff	110,636	74,542	103,001
	<u>121,735</u>	<u>79,778</u>	<u>112,002</u>

(cont'd)

Sugar Creek Golf Course, Illinois
Schedule of Operating Expenses - Budget and Actual (cont'd)
For the Year Ended December 31, 2020

	2020		2019
	Budget	Actual	Actual
Operations (cont'd):			
Services:			
Healthcare	\$ 12,404	\$ 9,072	\$ 9,262
IMRF	28,009	12,190	33,993
FICA	29,146	23,694	27,816
Insurance	15,250	15,250	14,746
Legal and consulting	500	-	-
Dues and subscriptions	1,755	1,736	1,835
Continuing education	1,000	604	599
Ads and notices	3,000	615	1,072
Licenses and permits	1,000	1,535	1,241
Equipment rental	32,060	30,513	29,405
Banquet/outings	6,000	1,360	2,812
Travel	2,000	2,618	2,533
Telephone	2,580	400	413
Cable TV	1,800	1,963	1,828
Alarms	3,025	1,273	3,300
Electricity	22,000	15,454	20,415
Natural gas	8,100	4,323	4,894
Water and sewer	7,000	5,318	7,361
Contractual services	11,270	12,606	11,737
	<u>187,899</u>	<u>140,524</u>	<u>175,262</u>
Repairs and maintenance:			
Equipment and truck repairs	1,000	1,265	238
Supplies:			
Office	9,000	1,604	130
Custodial	1,000	615	639
Grounds	33,636	17,772	29,376
Building	5,950	2,618	4,045
Fuel	8,382	4,622	7,274
Vehicle parts	18,595	12,069	16,025
Chemicals	22,858	19,362	23,034

(cont'd)

Sugar Creek Golf Course, Illinois
Schedule of Operating Expenses - Budget and Actual (cont'd)
For the Year Ended December 31, 2020

	2020		2019
	Budget	Actual	Actual
Operations (cont'd):			
Supplies (cont'd):			
Uniforms	\$ 2,000	\$ -	\$ 1,477
First aid	500	636	373
	<u>101,921</u>	<u>59,298</u>	<u>82,373</u>
Total operations	<u>412,555</u>	<u>280,865</u>	<u>369,875</u>
Pro shop:			
Supplies:			
Pro shop merchandise	30,000	15,973	29,087
Driving range supplies	12,000	9,776	8,750
Golf/clubhouse supplies	5,000	575	5,979
	<u>47,000</u>	<u>26,324</u>	<u>43,816</u>
Total pro shop	<u>47,000</u>	<u>26,324</u>	<u>43,816</u>
Capital purchases	40,000	-	-
Depreciation	-	121,040	122,993
	<u>40,000</u>	<u>121,040</u>	<u>122,993</u>
Total operating expenses	<u>\$ 842,028</u>	<u>\$ 733,918</u>	<u>\$ 879,119</u>

See accompanying notes.

STATISTICAL INFORMATION

Sugar Creek Golf Course, Illinois
Schedules of Revenue By Source - Last Ten Fiscal Years
For the Year Ended December 31, 2020

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Operating revenues:				
Greens fees	\$ 437,566	\$ 503,978	\$ 443,906	\$ 437,879
Membership	22,725	20,830	21,550	20,820
Driving range	68,624	84,427	101,597	102,354
Cart and club rental	60,967	82,770	79,404	87,585
Pro shop equipment sale	56,448	69,685	55,966	45,421
Concessions	120,533	134,728	117,880	110,960
Golf lessons	59,910	62,670	70,358	83,369
Miscellaneous	7,432	14,707	25,322	39,304
Rental income	31,212	35,555	36,109	38,656
Nonoperating revenues:				
Grants	-	-	-	3,044
Interest	54	151	71	46
Total	<u>\$ 865,471</u>	<u>\$ 1,009,501</u>	<u>\$ 952,163</u>	<u>\$ 969,438</u>

See independent auditor's report.

	2015	2016	2017	2018	2019	2020
\$	478,139	\$ 469,676	\$ 493,682	\$ 421,978	\$ 425,364	\$ 527,315
	21,500	24,775	23,190	21,690	19,435	2,450
	111,534	107,840	104,424	100,320	107,618	105,000
	111,329	115,546	121,255	111,624	114,912	136,958
	43,997	46,756	39,904	33,557	37,281	18,928
	131,709	118,372	119,432	126,550	132,407	60,078
	95,767	100,605	105,674	111,373	110,515	9,662
	238	332	19,596	218	222	109
	50,373	44,040	47,023	50,913	48,599	25,739
	-	-	-	-	-	-
	87	1,313	1,130	2,289	838	16
	<u>\$ 1,044,673</u>	<u>\$ 1,029,255</u>	<u>\$ 1,075,310</u>	<u>\$ 980,512</u>	<u>\$ 997,191</u>	<u>\$ 886,255</u>

