



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

SUGAR CREEK GOLF COURSE, ILLINOIS

Annual Financial Report

For the Year Ended December 31, 2017

**Sugar Creek Golf Course, Illinois
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INDEPENDENT AUDITOR'S REPORT

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, 2017, 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, 2017, 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.

Emphasis of a Matter

As discussed in Note IV.B. to the financial statements, the Park District determined a portion of its pension liability under GASB Statement No. 68 should be allocated and recognized by Sugar Creek Golf Course.

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 2016 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated May 26, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it is derived.

Selden Fox, Ltd.

May 30, 2018

BASIC FINANCIAL STATEMENTS

Sugar Creek Golf Course, Illinois
Statement of Net Position
December 31, 2017

	Business-type Activities
Assets and Deferred Outflows	
Current assets:	
Cash	\$ 41,105
Accounts receivable	495
Inventories/prepaid expenses	14,116
Deposits	3,600
Total current assets	59,316
Noncurrent assets:	
Other receivable	5,423
Capital assets not being depreciated	1,878,649
Capital assets, net of accumulated depreciation	1,527,000
Total noncurrent assets	3,411,072
Total assets	3,470,388
Deferred outflows - pensions	51,431
Total assets and deferred outflows	3,521,819
Liabilities and Deferred Inflows	
Accounts payable	77,606
Accrued payroll	4,338
Total current liabilities	81,944
Noncurrent liabilities:	
Due within one year	206,892
Due in more than one year	2,166,082
Total noncurrent liabilities	2,372,974
Total liabilities	2,454,918
Deferred inflows - pensions	150,727
Total liabilities and deferred inflows	2,605,645
Net Position	
Net position:	
Net investment in capital assets	1,074,048
Unrestricted deficit	(157,874)
Total net position	\$ 916,174

See accompanying notes.

Sugar Creek Golf Course, Illinois
Statement of Revenues, Expenses and Changes in
Net Position - Budget and Actual
For the Year Ended December 31, 2017

	2017		2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues:			
Charges for services	\$ 1,038,272	\$ 1,007,561	\$ 983,570
Miscellaneous	-	19,596	332
Rental income	44,600	47,023	44,040
Total operating revenues	<u>1,082,872</u>	<u>1,074,180</u>	<u>1,027,942</u>
Operating expenses:			
General and administration	273,934	281,222	269,000
Concessions	58,205	52,186	59,367
Operations	437,588	433,830	450,659
Pro shop	49,600	45,554	60,092
Depreciation	-	109,828	105,534
Total operating expenses	<u>819,327</u>	<u>922,620</u>	<u>944,652</u>
Operating income	<u>263,545</u>	<u>151,560</u>	<u>83,290</u>
Nonoperating revenue (expense):			
Interest income	-	1,130	1,313
Interest expense	(123,563)	(44,456)	(42,455)
Total nonoperating revenue (expense)	<u>(123,563)</u>	<u>(43,326)</u>	<u>(41,142)</u>
Income before transfers	139,982	108,234	42,148
Transfers out	(105,000)	-	-
Changes in net position	<u>\$ 34,982</u>	<u>108,234</u>	<u>42,148</u>
Net position, beginning of year		<u>807,940</u>	<u>765,792</u>
Net position, end of year		<u>\$ 916,174</u>	<u>\$ 807,940</u>

See accompanying notes.

Sugar Creek Golf Course, Illinois
Statement of Cash Flows
For the Year Ended December 31, 2017

	Business-type Activities
Cash flows from operating activities:	
Received from customers and users	\$ 1,073,685
Paid to suppliers for goods and services	(401,359)
Paid to employees for services	(365,217)
Net cash flows from operating activities	307,109
Cash flows from capital and related financing activities:	
Purchase of capital assets	(65,108)
Principal paid on intergovernmental agreement obligation	(195,000)
Interest paid on intergovernmental agreement obligation	(33,562)
Net cash flows from capital and related financing activities	(293,670)
Cash flows from investing activities - interest income	1,130
Net change in cash	14,569
Cash, beginning of the year	26,536
Cash, end of the year	\$ 41,105
Reconciliation of operating income to net cash flows from operating activities:	
Operating income	\$ 151,560
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	109,828
Changes In:	
Receivables	(495)
Inventories/prepaid expenses	(34)
Deposits	(1,000)
Accounts payable	8,900
Accrued payroll and compensated absences	4,894
Net pension liability	33,456
	\$ 307,109

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, 2017.

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 year end, the carrying amount of the Golf Course's deposits was in an overdraft position of \$32, and the bank balances totaled \$2,216. In addition, the Golf Course had \$39,737 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, 2017, 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, 2017, the Golf Course has 97% 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)

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, 2017, the entire bank balance was covered by federal depository insurance. 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. Although the portfolios of the Illinois Funds may contain insured or guaranteed deposits and investments, the Funds' shares are not insured or guaranteed. The degree of risk depends on the Funds' underlying portfolio. 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, 2017, was as follows:

	Balance, January 1, 2017	Additions	Retirements/ Adjustments	Balance, December 31, 2017
Business-type activities				
Nondepreciable capital assets:				
Land	\$ 1,866,353	\$ -	\$ -	\$ 1,866,353
Construction in progress	-	12,296	-	12,296
	<u>1,866,353</u>	<u>12,296</u>	<u>-</u>	<u>1,878,649</u>
Capital assets, being depreciated:				
Land development	2,030,272	72,601	-	2,102,873
Building and improvements	1,705,809	-	-	1,705,809
Machinery and equipment	460,116	52,810	-	512,926
Total capital assets	<u>4,196,197</u>	<u>125,411</u>	<u>-</u>	<u>4,321,608</u>
Less accumulated depreciation for:				
Land development	1,631,180	56,113	-	1,687,293
Building and improvements	672,473	36,450	-	708,923
Machinery and equipment	381,127	17,265	-	398,392
Total accumulated depreciation	<u>2,684,780</u>	<u>109,828</u>	<u>-</u>	<u>2,794,608</u>
Depreciable capital assets, net	<u>1,511,417</u>	<u>15,583</u>	<u>-</u>	<u>1,527,000</u>
Business-type activities' capital assets, net	<u>\$ 3,377,770</u>	<u>\$ 27,879</u>	<u>\$ -</u>	<u>\$ 3,405,649</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, 2017	Additions	Deletions	Balance, December 31, 2017	Amounts Due in One Year
Elmhurst Park District loan	\$ 1,029,013	\$ 106,700	\$ 97,500	\$ 1,038,213	\$ -
Village of Villa Park loan	166,595	197,856	123,563	240,888	-
Elmhurst Park District debt certificates	572,500	-	90,000	482,500	110,000
Village of Villa Park debt certificates	675,000	-	105,000	570,000	91,250
Net pension liability	156,010	-	142,845	13,165	-
Accrued compensated absences	23,715	9,337	4,844	28,208	5,642
	<u>\$ 2,622,833</u>	<u>\$ 313,893</u>	<u>\$ 563,752</u>	<u>\$ 2,372,974</u>	<u>\$ 206,892</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 \$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
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>\$ 1,052,500</u>	<u>\$ 85,297</u>	<u>\$ 1,137,797</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 (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 2017, 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 paid \$97,500 and the Village of Villa Park paid \$123,563 in principal and interest on behalf of the Sugar Creek Golf Course. In 2017, the Golf Course accrued interest of \$9,200 on the outstanding loan from the Elmhurst Park District of \$1,029,013 and \$1,693 on the outstanding loan from the Village of Villa Park of \$239,195. During 2017, the Village of Villa Park paid \$72,600 for repavement of the golf course parking lot. The amount paid was added to the balance of the note with Villa Park.

D. Net Position Classifications

Net investment in capital assets was comprised of the following at December 31, 2017:

Capital assets, net of accumulated depreciation	\$ 3,405,649
Less capital-related debt:	
Loans from Elmhurst Park District and Village of Villa Park	(1,279,101)
Elmhurst Park District debt certificates	(482,500)
Village of Villa Park debt certificates	<u>(570,000)</u>
Net investment in capital assets	<u>\$ 1,074,048</u>

E. Operating Leases

At December 31, 2017, the Golf Course was obligated under operating leases for golf operations equipment. The future minimum lease payments are summarized as follows:

2018	\$ 24,050
2019	24,050
2020	<u>24,050</u>
	<u>\$ 72,150</u>

Rent expense under operating leases totaled \$25,340 during 2017.

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 \$112,408 at January 1, 2017. 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 2017 was 10.90 percent. The Golf Course's contribution to the Plan totaled \$28,607 in the fiscal year ended December 31, 2017, 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 4.9% of the Park District's pension responsibility to the Golf Course. The Park District's net pension liability was measured as of December 31, 2017, 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, 2017, valuation were based on an actuarial experience study for the period January 1, 2014 – December 31, 2016, using the entry age normal actuarial cost method. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.39% to 14.25%
Investment rate of return	7.50%
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, 2017, was 23 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, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF projection experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that was applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	37%	6.85%
International equities	18%	6.75%
Fixed income	28%	3.00%
Real estate	9%	5.75%
Alternatives:	7%	
Private equity		7.35%
Hedge funds		5.05%
Commodities		2.65%
Cash equivalents	1%	2.25%

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 7.50%. 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 (7.50%) was applied to the next 99 periods of projected benefit payments, and then the tax-exempt municipal bond rate (3.31%) (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 7.50 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, 2017, the Golf Course's portion of the Elmhurst Park District's net pension liability is \$13,165. For the year ended December 31, 2017, the Golf Course recognized pension expense of \$62,063 in the government-wide financial statements. At December 31, 2017, the Golf Course reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 9,870	\$ 16,277	\$ 6,407
Changes in assumptions	2,373	35,500	33,127
Net difference between projected and actual earnings on pension plan investments	<u>39,188</u>	<u>98,950</u>	<u>59,762</u>
Total	<u>\$ 51,431</u>	<u>\$ 150,727</u>	<u>\$ 99,296</u>

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:

<u>Year Ending December 31,</u>	
2018	\$ (12,389)
2019	(26,247)
2020	(35,923)
2021	<u>(24,737)</u>
Total	<u>\$ (99,296)</u>

SUPPLEMENTARY FINANCIAL INFORMATION

Sugar Creek Golf Course, Illinois
Schedule of Operating Revenues - Budget and Actual
For the Year Ended December 31, 2017

	2017		2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Charges for services:			
Equipment rentals:			
Pull cart rental	\$ 10,800	\$ 7,968	\$ 8,082
Club car rental	108,000	111,436	105,964
Golf club rental	2,100	1,851	1,500
Greens fees	509,542	493,682	469,676
Punch rounds	8,100	7,750	8,200
Season passes	10,240	8,115	10,050
Permanent tee times	6,700	7,325	6,525
Driving range	107,015	104,424	107,840
Driving range instruction	110,775	105,674	100,605
Sales:			
Pro shop	45,000	39,904	46,756
Beer/wine/liquor	76,000	76,840	73,781
Food	24,000	21,464	23,076
Soft drink	20,000	21,128	21,515
Total charges for services	1,038,272	1,007,561	983,570
Miscellaneous	-	19,596	332
Rental income	44,600	47,023	44,040
	<u>\$ 1,082,872</u>	<u>\$ 1,074,180</u>	<u>\$ 1,027,942</u>

Sugar Creek Golf Course, Illinois
Schedule of Operating Expenses - Budget and Actual
For the Year Ended December 31, 2017

	2017		2016
	Budget	Actual	Actual
General and administration:			
Salaries and wages:			
Administration	\$ 196,504	\$ 212,498	\$ 201,892
Administrative staff	330	440	330
Facility and program staff	41,300	36,178	36,747
	<u>238,134</u>	<u>249,116</u>	<u>238,969</u>
Services:			
Audit	4,500	4,500	4,500
Credit card/finance charges	22,000	21,567	21,339
Occupational health	1,300	1,464	1,073
	<u>27,800</u>	<u>27,531</u>	<u>26,912</u>
Repairs and maintenance:			
Building repairs	8,000	4,575	3,119
	<u>8,000</u>	<u>4,575</u>	<u>3,119</u>
Total general and administration	<u>273,934</u>	<u>281,222</u>	<u>269,000</u>
Concessions:			
Repairs and maintenance:			
Plumbing and building repairs	4,205	4,175	4,580
Supplies:			
Concession merchandise	54,000	48,011	54,787
	<u>54,000</u>	<u>48,011</u>	<u>54,787</u>
Total concessions	<u>58,205</u>	<u>52,186</u>	<u>59,367</u>
Operations:			
Salaries and wages:			
Driving range staff	7,487	10,342	10,085
Operations staff	116,283	110,653	106,349
	<u>123,770</u>	<u>120,995</u>	<u>116,434</u>

(cont'd)

Sugar Creek Golf Course, Illinois
Schedule of Operating Expenses - Budget and Actual (cont'd)
For the Year Ended December 31, 2017

	2017		2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operations (cont'd):			
Services:			
Healthcare	\$ 27,981	\$ 23,407	\$ 20,642
IMRF	26,828	62,063	67,787
FICA	27,686	26,707	26,204
Insurance	14,050	14,050	13,900
Legal and consulting	10,500	2,650	-
Dues and subscriptions	1,755	1,704	1,663
Continuing education	1,000	351	793
Ads and notices	7,000	7,215	5,856
Licenses and permits	1,000	861	1,000
Postage and shipping	500	508	51
Equipment rental	29,100	29,547	29,408
Banquet/outings	3,000	2,955	3,579
Travel	2,000	2,402	1,978
Telephone	4,400	1,870	5,262
Cable TV	2,150	1,818	1,941
Alarms	4,000	2,051	8,204
Electricity	18,000	21,430	21,046
Natural gas	6,000	5,197	3,563
Water and sewer	6,000	7,017	5,643
Contractual services	11,970	11,198	17,378
	<u>204,920</u>	<u>225,001</u>	<u>235,898</u>
Repairs and maintenance:			
Equipment and truck repairs	1,000	2,667	-
Supplies:			
Office	4,000	3,322	953
Custodial	1,000	-	739
Grounds	36,700	25,748	35,866
Building	11,450	5,439	6,378
Fuel	8,882	7,702	6,789
Vehicle parts	18,595	16,456	21,014
Chemicals	24,771	23,623	24,487

(cont'd)

Sugar Creek Golf Course, Illinois
Schedule of Operating Expenses - Budget and Actual (cont'd)
For the Year Ended December 31, 2017

	2017		2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operations (cont'd):			
Supplies (cont'd):			
Uniforms	\$ 2,000	\$ 2,491	\$ 2,021
First aid	500	386	80
	<u>107,898</u>	<u>85,167</u>	<u>98,327</u>
Total operations	<u>437,588</u>	<u>433,830</u>	<u>450,659</u>
Pro shop:			
Supplies:			
Pro shop merchandise	30,000	25,919	41,673
Driving range supplies	14,000	14,381	12,896
Golf/clubhouse supplies	5,600	5,254	5,523
	<u>49,600</u>	<u>45,554</u>	<u>60,092</u>
Total pro shop	<u>49,600</u>	<u>45,554</u>	<u>60,092</u>
Depreciation	-	109,828	105,534
Total operating expenses	<u>\$ 819,327</u>	<u>\$ 922,620</u>	<u>\$ 944,652</u>

STATISTICAL INFORMATION

Sugar Creek Golf Course, Illinois
Schedules of Revenue By Source - Last Ten Fiscal Years
For the Year Ended December 31, 2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating revenues:										
Greens fees	\$ 520,278	\$ 537,170	\$ 499,876	\$ 437,566	\$ 503,978	\$ 443,906	\$ 437,879	\$ 478,139	\$ 469,676	\$ 493,682
Membership	14,257	22,490	29,456	22,725	20,830	21,550	20,820	21,500	24,775	23,190
Driving range	73,402	85,647	75,185	68,624	84,427	101,597	102,354	111,534	107,840	104,424
Cart and club rental	84,717	81,687	74,904	60,967	82,770	79,404	87,585	111,329	115,546	121,255
Pro shop equipment sale	64,809	51,382	50,565	56,448	69,685	55,966	45,421	43,997	46,756	39,904
Concessions	151,248	153,205	152,435	120,533	134,728	117,880	110,960	131,709	118,372	119,432
Golf lessons	37,866	49,050	56,165	59,910	62,670	70,358	83,369	95,767	100,605	105,674
Miscellaneous	8,483	14,704	5,385	7,432	14,707	25,322	39,304	238	332	19,596
Rental income	23,288	20,538	30,232	31,212	35,555	36,109	38,656	50,373	44,040	47,023
Nonoperating revenues:										
Grants	-	-	-	-	-	-	3,044	-	-	-
Interest	1,353	395	100	54	151	71	46	87	1,313	1,130
Total	\$ 979,701	\$ 1,016,268	\$ 974,303	\$ 865,471	\$ 1,009,501	\$ 952,163	\$ 969,438	\$ 1,044,673	\$ 1,029,255	\$ 1,075,310

See independent auditor's report.