

WAUKEGAN PARK DISTRICT
WAUKEGAN, ILLINOIS

GOLF OPERATIONS
ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2018

**WAUKEGAN PARK DISTRICT, ILLINOIS
GOLF COURSE OPERATIONS**

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

July 31, 2018

Members of the Board of Commissioners
Waukegan Park District
Golf Operations
Waukegan, Illinois

We have audited the accompanying financial statements of the Golf Operations of the Waukegan Park District, Illinois, which comprise the combining departmental balance sheet as of April 30, 2018, and the related combining schedule of activity and combining schedule of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Golf Operations of the Waukegan Park District, Illinois, as of April 30, 2018, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Waukegan Park District, Illinois
Golf Operations
July 31, 2018
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Other Matters

As discussed in Note 1, the financial statements present only the Golf Operations of the Waukegan Park District, Illinois and are not intended to present fairly, the financial position and results of operations of the Waukegan Park District, Illinois in conformity with accounting principles generally accepted in the United States of America.

Lauterbach + Amen LLP
LAUTERBACH & AMEN, LLP

FINANCIAL STATEMENTS

**WAUKEGAN PARK DISTRICT, ILLINOIS
GOLF OPERATIONS**

**Combining Departmental Balance Sheet
April 30, 2018**

	Bonnie Brook	Greenshire	Total
ASSETS			
Current Assets			
Cash	\$ 62,358	1,881	64,239
Accounts Receivable	461	-	461
Due from Other Golf Course	2,370	-	2,370
Inventory	76,092	2,883	78,975
Prepays	21,403	2,077	23,480
Total Assets	162,684	6,841	169,525
LIABILITIES			
Current Liabilities			
Accounts Payable	130,505	7,091	137,596
Unearned Income	153,420	3,004	156,424
Due to Other Golf Course	-	2,370	2,370
Due to Waukegan Park District	538,850	39,000	577,850
Total Liabilities	822,775	51,465	874,240
FUND BALANCES			
Departmental Fund Balances	(660,091)	(44,624)	(704,715)
Total Liabilities and Fund Balances	162,684	6,841	169,525

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

**WAUKEGAN PARK DISTRICT, ILLINOIS
GOLF OPERATIONS**

**Combining Schedule of Activity
For the Fiscal Year Ended April 30, 2018**

	Bonnie Brook	Greenshire	Total
Revenues			
Greens Fees	\$ 350,351	57,517	407,868
Food and Beverage	831,816	2,292	834,108
Pro Shop Sales	62,722	1,470	64,192
Carts	202,005	13,203	215,208
Driving Range	9,953	-	9,953
Golf Passes	112,856	-	112,856
Miscellaneous	6,643	963	7,606
Total Revenues	<u>1,576,346</u>	<u>75,445</u>	<u>1,651,791</u>
Expenses			
Salaries and Wages	881,092	53,012	934,104
Contractual Services	86,805	1,621	88,426
Commodities	494,779	20,649	515,428
Utilities	85,131	6,605	91,736
Insurance	28,405	2,986	31,391
Repair	80,567	4,349	84,916
Total Expenses	<u>1,656,779</u>	<u>89,222</u>	<u>1,746,001</u>
Change in Net Position	(80,433)	(13,777)	(94,210)
Net Position - Beginning	<u>(579,658)</u>	<u>(30,847)</u>	<u>(610,505)</u>
Net Position - Ending	<u><u>(660,091)</u></u>	<u><u>(44,624)</u></u>	<u><u>(704,715)</u></u>

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

**WAUKEGAN PARK DISTRICT, ILLINOIS
GOLF OPERATIONS**

**Combining Schedule of Cash Flows
For the Fiscal Year Ended April 30, 2018**

	Bonnie Brook	Greenshire	Total
Cash Flows from Operating Activities			
Received from Customers	\$ 1,605,822	75,863	1,681,685
Payments to Employees	(881,092)	(53,012)	(934,104)
Payments to Suppliers	(713,675)	(24,352)	(738,027)
	<u>11,055</u>	<u>(1,501)</u>	<u>9,554</u>
Cash and Cash Equivalents			
Beginning	<u>51,303</u>	<u>3,382</u>	<u>54,685</u>
Ending	<u><u>62,358</u></u>	<u><u>1,881</u></u>	<u><u>64,239</u></u>
Reconciliation of Changes in Departmental Balances to Net Cash			
Provided (Used) by Operating Activities			
Changes in Departmental Balances	(80,433)	(13,777)	(94,210)
Adjustments to Reconcile Changes in Departmental Balances to Net Income to Net Cash			
Provided by (Used In) Operating Activities:			
(Increase) Decrease in Current Assets	29,476	418	29,894
Increase (Decrease) in Current Liabilities	62,012	11,858	73,870
Net Cash Provided by Operating Activities	<u><u>11,055</u></u>	<u><u>(1,501)</u></u>	<u><u>9,554</u></u>

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

**WAUKEGAN PARK DISTRICT, ILLINOIS
GOLF OPERATIONS**

**Notes to the Financial Statements
April 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Waukegan Park District (District) was incorporated in 1916. The District operates under a Board-Manager form of government, providing recreation and other services to the residents of Waukegan, which include: recreation programs, park management, capital development and general administration.

The District owns two golf courses, Bonnie Brook and Greenshire, which together comprise the Golf Operations of the District. The accounting policies of the Golf Operations conform to accounting principles generally accepted in the United States of America as applicable to government units. A more detailed explanation of the District's accounting policies can be found in the District's Comprehensive Annual Financial Report for the year ended April 30, 2018. The following is a summary of significant policies:

AGREEMENT WITH GOLFFVISIONS MANAGEMENT

On December 1, 2012, the Park District entered into a management agreement with GolfVisions Management Inc. (GolfVisions). Under the terms of the agreement from January 13, 2015, GolfVisions will manage the golf operations of the District for a three year term beginning May 1, 2015 and ending April 30, 2018.

Under the terms of the agreement, the District will pay a management fee of \$4,250 per month in exchange for management services. In addition, the District must pay an incentive fee of 10% of the amount of net income in excess of \$100,000 received from golf operations in each fiscal year of the term.

BASIS OF ACCOUNTING

The financial statements reflect the accrual basis of accounting. The District reports unearned revenue on its balance sheet for funds collected in advance on golf programs.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

DUE TO WAUKEGAN PARK DISTRICT

The Golf Operations owes the Recreation Fund of the District \$577,850 as of April 30, 2018 for monies advanced and not yet repaid. The amount is interest free, unsecured and due on demand.