

**TOWN OF
APPLE VALLEY, CALIFORNIA**

AGENDA MATTER

Subject Item:

GOLF COURSE OPERATING REPORT UPDATE

SUMMARY STATEMENT:

Staff has updated expenditures for Fiscal Year 08-09 and 09-10 and included the adopted budget numbers for 2010-11. Although all final expenditures for Fiscal Year 2009-10 have not been received and updated, Water and Legal services should be final expenditures. Water for the Golf Course for Fiscal Year 09-10 total \$319,877. Legal services, broken into two categories total \$408,765, \$370,472 for Water related issues and \$38,293 for other legal services related to the purchase agreement and miscellaneous expenditures.

The attached report summarizes all related expenditures since the Town began paying golf course expenditures in December of 2008.

Recommended Action:

Receive and File

Proposed by: Kevin N. Smith, Interim Finance Director

Item Number _____

T.M. Approval: _____ **Budgeted Item:** Budgeted Item Yes No N/A

Golf Course Operating Report

Bold Numbers Represent Footnotes for Clarification Purposes as follows:

1. Seven Months of expenditures and revenues from December 08 to June 09 including approximately \$200,000 in in payables distributed appropriately
2. Utilities - Water Actual Year FY 09/10 Total \$319,877 (includes May/June billing of \$58,361)
Electricity Estimated FY 09/10 Total \$79,685
Gas Estimated FY 09/10 Total \$8,800
3. Total Operating Expenses less cost of goods sold
4. Legal expenses not related to water issues including purchase agreement costs equal \$38,293 (9.4% of total 1
In Fiscal Year 2008-09 legal expenses not related to water issues including purchase agreement costs equal \$
(67% of total legal)
Total Legal since beginning \$624,707 - Water Rights Issues \$440,891 - Purchase Agreement and Misc. Legal \$18:
5. Expenditures not directly related to operations

(1)

Code	Revenue Classification	Actual Revenue 2008-09	Proposed Budget 2009-10	Estimated Year End 2009-10	Adopted Budget 2010-11
	BEGINNING FUND BALANCE	0	(741,331)	(741,331)	(2,440,706)
6420	Green Fees	265,697	790,000	598,000	653,522
6450	Pro Shop Merchandise Sales	14,142	130,000	48,500	85,658
	Driving Range				35,691
6470	Food & Beverage Sales	173,781	405,000	390,000	474,080
6490	Other Golf Course Revenue	81,969	85,000	26,500	26,932
	Total Revenues	535,589	1,410,000	1,063,000	1,275,883

Code	Expenditure Classification	Actual Expense 2008-09	Budget Approp. 2009-10	Estimated Year End 2009-10	Adopted Approp. 2010-11
	Cost of Goods Sold				
7722-7334	Pro Shop - Merchandise Resale	23,963	73,000	30,000	55,548
7724-7323	Food & Beverage - Resale	125,933	162,000	155,000	157,236
	Total Cost of Goods Sold	149,896	235,000	185,000	212,784
	Gross Profit	385,693	1,175,000	878,000	1,063,099
	Operations & Maintenance				
0000-7751	General & Administrative	77,268	209,800	225,000	224,850
0000-7205	Advertising - Marketing	3,124	36,000	17,000	100,000
0000-7235	Insurance	22,317	42,000	40,100	55,952
0000-7295	Utilities-Electric, Gas, Water	141,566	56,400	407,210	60,000
0000-7332	Management Fee	246,860	121,200	114,300	96,000
0000-8940	Outside Golf Services		120,000	58,000	59,000
0000-9065	Leases (Golf Carts)	54,908	83,950	91,000	93,500
7714-7751	Golf Course Maintenance	108,887	525,500	520,000	465,150
7716-7751	Clubhouse	54,196	108,000	95,000	110,400
7722-7751	Pro Shop	105	76,000	53,000	109,200
7724-7751	Other Services & Supplies	55,381	279,000	315,000	260,800
	Total Operating Expenses	764,612	1,657,850	1,935,610	(3) 1,634,852
	Net Income/(Loss)	(378,919)	(482,850)	(1,057,610)	(571,753)

Non Golf Operational Expenses

	Well					400,000
	Debt Service	115,472		200,000		200,000
	Legal	215,942	(4)	408,765	(4)	375,000
	Property Taxes	30,998		33,000		32,000
	Total Operating Expenses	362,412		641,765	(5)	1,007,000
	Total Costs of Golf Course	(741,331)	(482,850)	(1,699,375)	0	(1,578,753)
	Ending Fund Balance			(2,440,706)		(4,019,459)