

**TOWN OF
APPLE VALLEY, CALIFORNIA**

AGENDA MATTER

Subject Item:

APPLE VALLEY GOLF COURSE FIRST QUARTER OPERATING REVENUE & EXPENSES

SUMMARY STATEMENT:

Attached is a summary of all Revenue and Expenditures for the First Quarter of Fiscal Year 2010-11. Total net expenditures (unaudited) at the end of FY 09-10 since inception were \$2,382,686 and as of September 30, 2011, the total is \$2,721,866.

Although included as notes at the bottom of the worksheet, I would like to clarify a few of the categories as they relate to the operations of the course and related facilities.

1. The Food and Beverage operations seem to be operating near breakeven but as they relate to budget the revenue represents only 18% of budget while the expenditures for the operations represent 29% of budget. Staff is currently examining ways to improve this scenario and will be reporting back to council within the next month for possible improvements in this area.
2. Grounds Maintenance is also far exceeding the amount budgeted. While this was anticipated because the summer maintenance and water expense are far higher during the summer months it exceeds our expectations. During the next 9 to 10 months, this expense is anticipated to decrease significantly. However, it is important to note that of the \$298,208 in expenses, water represents \$187,400 or 62% of the total grounds maintenance expense.
3. For informational purposes, the Non-Departmental line item includes Advertising/Marketing, Insurance, Management Fee, Taxes, and Miscellaneous Contract Services.
4. Another important factor is that rounds played and revenue from the golf course is 6% above the budget target and the management has stated that this continues to improve with several tournaments and large groups lined up during the fall.
5. In relationship to the Pro Shop, staff feels that once the Golf Course can offer logo related items for sale, additional lines of equipment and miscellaneous items, sales will increase as well. The Pro Shop Manager also serves as the starter but all of his salary is properly charged to the pro shop.

Recommended Action:

Receive and File – Information Only

Proposed by: Kevin N. Smith, Interim Finance Director

Item Number _____

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

9-1

Town Council Meeting: 10/12/10

In summary, the overall operations of the Golf Course and Facilities, is a little short (22% versus 25%) on the revenue side but can improve with some recommendations that will be formulated and presented in the following month. The other side of the coin, expenditures are below projections (22% versus 25%). This is even more positive if the water issue is resolved. Without the single line item of water the 22% expenditure level would be reduced to 15%. Simplified – Positive is good for Revenues and Positive is bad for Expenditures. Overall, AVCC is moving in the right direction.

Apple Valley Golf Course - First Quarter Operating Revenue & Expenses

Revenue:	Adopted Annual Budget	1st Quarter Adopted Budget	1st Quarter Actual	Percentage Over/(Under) Budget -1st Qtr.
Green Fees	653,522	163,381	173,892	6%
Pro Shop	85,658	21,415	8,080	-62%
Food & Beverage Events (FY 09-10 refund)	474,080	118,520	84,448	-29%
Other	-	-	(1,444)	
	62,623	15,656	16,983	8%
Total	1,275,883	318,971	281,959	-12%

Expenditures	Adopted Annual Budget	1st Quarter Adopted Budget	1st Quarter Actual	Percentage Over/(Under)
Non-Departmental*	342,952	85,738	15,885	-81%
Administration	224,850	56,213	31,841	-43%
Food & Beverage*	267,636	66,909	77,262	15%
Cart Lease and Maint.	93,500	23,375	16,558	-29%
Grounds*	525,150	131,288	298,208	127%
Facilities	260,800	65,200	44,227	-32%
Pro Shop	164,748	41,187	27,049	-34%
Sub-Total	1,879,636	469,909	511,030	9%
Legal	375,000	93,750	61,633	-34%
Debt Service	200,000	50,000	48,476	-3%
Well	400,000	100,000	-	-100%
Total	2,854,636	713,659	621,139	-13%
Profit/(Loss)	(1,578,753)	(394,688)	(339,180)	-14%

Notes: Food & Beverage are out of proportion (staff is reviewing possible solutions).

Grounds Maintenance is also out but will equal out over the Year as maintenance and utility cost decrease significantly in the winter.

Ranchos Water accounts for \$187,400 or 62% of total expenses.

Non-Departmental: Includes Advertising, Insurance, Management Fee, Taxes, Miscellaneous Contract Services.

