

**TOWN OF
APPLE VALLEY, CALIFORNIA**

AGENDA MATTER

Subject Item:

APPLE VALLEY GOLF COURSE INFORMATION REQUEST

Summary Statement:

During presentation of the funding options for purchase of the Apple Valley Golf Course, Councilmember Stanton requested additional information related to the golf course and golf course operations. A copy of that request is attached (Attachment 1).

First and foremost, Council should note that it has been provided with all costs and fees for operation of the golf course, and are now provided that information regularly in your Council agenda packet. Attached are copies of the Fiscal Year 2011-12 Proposed Budget for the Golf Course Fund, Golf Course Fund Account Details report, and a fiscal year-to-date Schedule of Revenues, Expenditures and Changes including details of the golf course grounds expenditures as of April 30 (Attachments 2-4).

(continued)

Recommended Action:

Receive and file report.

Proposed by: Marc Puckett, Director of Finance Item Number _____

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

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In addition, copies of a current fiscal year-to-date (11 months ended through May 31) General Ledger Trial Balance, Revenue Status Report and Expenditure Status Report (Attachments 5-7) are attached for Council's information.

With respect to questions related to projecting expenditures for operation of the course on a "go-forward" basis, an assumption has to first be made that the Town closes escrow and assumes ownership control of the course. Applying the "prudent man" standard, closing escrow and assuming ownership control of the course seems to be the most prudent course of action since the Town will gain control of approximately \$4.3 million worth of assets (\$2.9 million, water rights, \$1.4 million, land) in exchange for \$1.4 million to pay off the two outstanding loans at Desert Community Bank.

Once the Town assumes ownership control of the course, actions can be taken to immediately reduce the current operating deficit. Reasonable assumptions can then also be made for future revenue. The Town's ability to fully develop a business plan for future operation of the course has been hindered by the uncertainty surrounding closing escrow on the purchase of the course and pay-off of the two outstanding debt obligations the Town has agreed to pay.

There were many cost-cutting/revenue generating strategies outlined in the Apple Valley Golf Course Task Force recommendations to Council on April 13, 2010 (Attachment 8). Some of these recommendations have been implemented. Others are awaiting the Town's acquisition of the course prior to implementation.

Currently, per the proposed fiscal year budget document, the town anticipates receiving revenues of \$809,400, appropriating \$1,415,860 for operation of the course which results in a current operating deficit of \$606,000. The budget assumes that the two outstanding loans to Desert Community Bank have been paid off. Therefore, no debt service expenditures for the loans are reflected in the budget. The current deficit may be reduced by a number of cost cutting measures that cannot be implemented until the Town owns the course.

The Town may make an immediate change in some operating line items. For example, the management company, Landmark Golf, is paid more than \$83,000 as a management fee in addition to all expenses that the Town pays for operation of the Golf Course. The management fee can immediately be renegotiated once the Town closes on the purchase of the course thus saving resources and further reducing the projected deficit. Another potential area of cost reductions that may be explored is the phone utility bill. Currently, the Town

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pays over \$12,000 for phone service in the club house, cell phone service, and internet access in the clubhouse. Cost cutting opportunities exist, once escrow closes, to significantly reduce the irrigated turf areas of the course. Reducing the area of irrigated turf will directly reduce power purchasing expenses and the quantity of water required to adequately irrigate the course for play. This will allow the irrigation of the golf course to occur within the “ramped down” free production allowance for water rights. There are many similar opportunities to cut costs that can only be achieved once escrow closes.

Some larger pending capital expenditures may be avoided altogether such as the repair of the well. VVWRA has suggested the possibility of sinking the well on behalf of the Town at no cost to the Town as part of their capital spending program associated with the construction of the Apple Valley sub-regional treatment facility. Listed below are some ideas that have been put forward to reduce the FY2011-12 current operating deficit for the course.

(Continued)

Current Operating Deficit – FY2011-12	\$606,460
Cost-cutting strategy:	
Elimination of expense for water purchases (due to VVWRA Proposal)	\$280,000
Increased Green Fees Revenue due to increased Rounds played (Hesperia’s course may close) and re-introduction of course as AVGC.	\$20,000 - \$60,000
Reduction in Cell Phone/Phone/Internet Charges	\$6,000
Renegotiate Management Contract	\$40,000 - \$60,000
Sub-lease clubhouse space to restaurant	\$10,000 - \$20,000
20% Reduction in Turf Maintenance on golf course	\$30,000 – \$40,000
Location of cell tower	\$35,000 - \$60,000
Resume (lease) operation of Pro Shop	\$20,000 - \$60,000
Resume (lease) operation of concessions	\$30,000
Renegotiate existing lease agreements	\$20,000
Increase revenue due to lease of water rights	\$250,000
Possible cost savings	\$741,000 - \$886,000

The potential cost savings measures identified above are not intended to be an exhaustive list but rather a sampling of the type of strategies that may be employed to reduce the current operating deficit in the Golf Course Fund.

As with every Town asset, the Town would need to properly budget for the maintenance, repair, or replacement of capital improvements. There are other capital expenditures that may be identified such as demolition and conversion of the pool area to a patio. No cost estimate is currently available for this project.

Assuming that a decision is made by Council to proceed with closing escrow on the golf course, staff would recommend that Council immediately proceed to do the following:

- 1) Approve the funding source to close escrow on the golf course as proposed.
- 2) Establish a maximum operating period of one year (or?) to determine if, in fact, the golf course can reach break even. (At the conclusion of this trial period, if the golf course has not achieved "break even," then proceed to shut down the course, sell the water rights and sell the land.
- 3) Initiate a capital asset condition assessment of all capital assets at the golf course. Determine if any capital assets are in need of replacement or can be deferred during trial operating period.
- 4) Proceed to implement all cost-cutting measures ASAP.

With respect to the recommendation to fund the closing by selling the water rights to the Wastewater Fund for their appraised value of \$2.9 million, please note that this asset will appreciate over time. Also, due to the infrequency of water rights being sold into the market, there is some expectation that if the water rights were sold they would sell at a significant premium which would accrue to the benefit of the Wastewater Fund. Further, the Golf Course Fund has an accumulated deficit of over \$3 million. This option allows the Town the benefit of almost completely eliminating the deficit in the Golf Course Fund via an accounting entry which is completely within the guidelines of Generally Accepted Accounting Principles (GAAP).

If this transfer is not performed and the golf course is closed, the accumulated fund deficit would be transferred back into the General Fund where it would offset over \$3 million in available fund balance that would otherwise be available for general government purposes. The General Fund fund balance would be severely impacted by this action.

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The attached financial summaries fully disclose the financial condition of the Golf Course Fund. These reports are all a matter of public record and are available at any time to members of Council or the public.

Attachments:

- 1) Letter from Councilmember Stanton to Town Manager.
- 2) Fiscal Year 2011-12 Proposed Budget – Golf Course Fund.
- 3) Golf Course Fund Account Details.
- 4) Golf Course Fund Schedule of Revenues, Expenditures and Changes.
- 5) Golf Course Fund Trial Balance as of May 31, 2011.
- 6) Golf Course Fund Revenue Status Report as of May 31, 2011.
- 7) Golf Course Fund Expenditure Status Report as of May 31, 2011.
- 8) AVCC Task Force Committee Recommendations.
- 9) LGM – Apple Valley Concessions Profit and Loss Statement through May, 2011.

Good afternoon Frank,

I am requesting more information on the Apple Valley Country Club/Golf Course which is multifold. I need dates and real life projections. I am formally requesting a complete vetting of our financial records. I have not been provided enough information to move forward.

- What are the projections for the expenses? The cost of the anticipated well construction – wages – property improvements – management – insurances – costs related to day-to-day business. The demolition of the pool area and converting to a patio, etc. The Water main cost to the course – If we do not own the course would we be building this water line? All legal fees associated with the purchase clearly defined.
- **I request: line by line – item by item without assumptions - any and all hidden costs and fees.**

I must be aware of all costs associated with the purchase of AVCC and who is being paid, for what service and clearly defined. I have a sense that the council has not understood the financial ramifications of this purchase. Just the fact that the town is selling the water rights to the wastewater fund at market prices is alarming.

- Projections regarding the revenue also are needed, estimating that the course will maintain its current income is not clear. Is it estimated the course will gain momentum and thus revenue?
- At ramp-down rates we will have approximately 450 acre feet of water from this purchase. That is not enough to water this course (or is it?) – we must know the future cost of watering the course along with associated costs of maintenance and improvements if any are planned.

Less and until I receive this complete information I cannot in good conscience, via my vote, representing the citizens of Apple Valley in my duties as a council member place this town in financial jeopardy.

Can we find the bottom line? Have we been shown the actual cost thus far?

- Are there any other debts or inner fund loans?

Going one step further, there is concern regarding our RDA payments and the town barely able to make the payments. Can you please clarify?

If AVCC is not close to being self-sufficient and doesn't pay for itself then we can't afford it! There is no reason to believe in today's world that people are going to begin playing twice as much golf tomorrow as today. There are too many variables that are not understood.

I await your assistance and reply,

GOLF COURSE ENTERPRISE FUND 5710

Code	Revenue Classification	Actual Revenue 2008-09	Actual Revenue 2009-10	Amended Budget 2010-11	Estimated Revenue 2010-11	% of Budget Received	Proposed Budget 2011-12
	BEGINNING FUND BALANCE	0	(741,331)	(2,645,423)	(2,645,423)		(3,072,912)
6420	Green Fees	265,697	534,972	653,522	653,522	100.0%	735,400
6450	Pro Shop Merchandise Sales	14,142	33,404	85,658	85,658	100.0%	0
6690	Water Use Fees (Sales)		69,440				0
6470	Food & Beverage Sales	173,781	427,671	474,080	174,500	36.8%	0
6490	Other Golf Course Revenue	81,969	123,168	62,623	62,623	100.0%	74,000
	Total Revenues	535,589	1,188,655	1,275,883	976,303		809,400
	Cost of Goods Sold						
7722-7334	Pro Shop - Merchandise Resale	23,963	24,850	55,548	11,316	20.4%	0
7710-7323	Food & Beverage - Resale	125,933	167,900	157,236	56,375	36.9%	0
	Total Cost of Goods Sold	149,896	192,750	212,784	67,691		0
	Gross Profit	385,693	995,905	1,063,099	908,612		809,400
7010	Salaries & Wages - Permanent						4018
7020	Salaries & Wages - Part-time						0
7110	Cafeteria Benefits						712
7150	Medicare						58
7160	PERS						990
	Sub-Total Personnel	0	0	0	0	0	5778
	Operations & Maintenance						
0000-7751	General & Administrative	77,268	41,135	22,100	22,100	100.0%	20,330
0000-7205	Advertising - Marketing	3,124	6,500	100,000	103,250	103.3%	54,600
0000-7235	Insurance	22,317	35,247	55,952	55,952	100.0%	31,678
0000-7295	Utilities	141,566	363,754	598,870	400,000	66.8%	361,350
0000-7332	Management Fee	0	0	96,000	0	0.0%	83,494
0000-8940	Outside Golf Services	448,045	682,641	627,630	723,630	115.3%	531,630
0000-9065	Leases	54,908	94,577	93,500	112,460	120.3%	52,000
7710-0000	Food & Beverage	0	0	20,020	0	0	0
7714-7751	Golf Course Maintenance	108,887	632,665	134,290	178,680	133.0%	174,000
7716-7751	Clubhouse	54,196	25,125	62,710	30,000	47.8%	101,000
7722-7751	Pro Shop	105	12,819	10,030	8,320	83.0%	0
7724-7751	Other Services & Supplies	55,381	107,318	0	2,000		
	Total Operating Expenses	965,797	2,001,781	1,621,102	1,636,372		1,415,860
	Net Income/(Loss)	(580,104)	(1,005,876)	(758,003)	(727,760)		(606,460)
	Non Golf Operational Expenses						
	Well						
0000-9840	Debt Service	115,472	210,546	37,190	150,000	403.3%	0
0000-9860	Interest Expense			157,780		0.0%	0
0000-8972-0402	Legal	14,757	654,853	96,280	10,000	10.4%	0
0000-9610-5010	Legal transfers to 5010			(467,281)	(467,281)	100.0%	0
0000-7377	Property Taxes	30,998	32,817	7,010	7,010	100.0%	0
	Total Other Expenses	161,227	898,216	(169,021)	(300,271)		0
	Net Annual Income (Loss)	(741,331)	(1,904,092)	(588,982)	(427,489)		(606,460)
	Ending Fund Balance Golf Cou	(741,331)	(2,645,423)	(3,234,405)	(3,072,912)		(3,679,372)

**Golf Course Enterprise Fund
Account Details**

		Amended Budget 2010-11	Actual Budget @ 5/31/2011	Actual Expenditures @ 5/31/2011	Proposed Budget 2011-12
Merchandies - Resale	5710-7722-7334-0000	55,548.00	55,548.00	11,315.72	-
Food & Beverage	5710-7710-7323-0000	157,236.00	157,236.00	56,447.08	-
Total Cost of Goods Sold		212,784.00	212,784.00	67,762.80	-
Non-Departmental & Admin					
Personal	5710-0000-7010/7160				5,778.00
Uniforms	5710-0000-7180-0000			844.90	
Credit Card Costs	5710-0000-7217-0000		1,850.00	8,087.86	
Miscellaneous Costs	5710-0000-7259-0000		240.00	(2,226.59)	
AVCC Charges	5710-0000-7311-0000		20,010.00	2,295.57	
Gift Certificates	5710-0000-7324-0000			(1,696.32)	
Advertising-Marketing	5710-7700-7205-0000			838.75	
Mileage Exp/Allowance	5710-7700-7253-0000		1,370.00	3,657.45	
Miscellaneous Costs	5710-7700-7259-0000		1,080.00	2,142.62	
Postage	5710-7700-7271-0000		350.00	405.54	
Printing	5710-7700-7277-0000			31.54	
License & Fees	5710-7700-7331-0000		300.00	2,687.32	
Building Maintenance	5710-7700-7655-0000		1,770.00	1,261.56	
Leased Equipment	5710-7700-9065-0000		620.00	3,366.44	
General & Admin		22,100.00	27,590.00	21,696.64	20,330.00
Advertising - Marketing	5710-0000-7205-0000	100,000.00	100,000.00	-	54,600.00
Insurance	5710-0000-7235-0000	55,952.00	55,952.00	28,098.03	31,678.00
Utilities: Phone, Internet, Cel	5710-7700-7295-0109		5,760.00	7,416.07	
Utilities: Phone, Internet, Cel	5710-7710-7295-0109		1,430.00	386.16	
Utilities: Phone, Internet, Cel	5710-7714-7295-0109		2,440.00	2,504.02	
Utilities: Electricity Usage	5710-7714-7295-0847		53,640.00	37,560.84	
Utilities: Water Usage	5710-7714-7295-0849		468,020.00	288,269.95	
Utilities: Electricity Usage	5710-7716-7295-0848		32,480.00	39,428.95	
Utilities: Water Usage	5710-7716-7295-0849		10,230.00	4,761.54	
Utilities: Natural Gas Usage	5710-7716-7295-0848		23,620.00	8,108.51	
Utilities: Phone, Internet, Cel	5710-7722-7295-0109		1,250.00	1,046.56	
Utilities: Phone, Internet, Cel	5710-7726-7295-0109		-	385.91	
Utilities		598,870.00	598,870.00	389,868.51	361,350.00
Management Fee	5710-0000-7332-0000	96,000.00	96,000.00	-	83,494.00
Contract Services	5710-0000-8940-0000		59,000.00	30,014.13	
Contract Services	5710-7700-8940-0000		47,040.00	107,148.21	
Contract Services	5710-7710-8940-0000		239,590.00	117,757.83	
Contract Services	5710-7714-8940-0000		162,160.00	229,714.78	
Contract Services	5710-7716-8940-0000		21,240.00	52,547.90	
Contract Services	5710-7722-8940-0000		98,600.00	64,349.21	
Outside Golf Services		627,630.00	627,630.00	601,532.08	531,630.00
Leased Equipment	5710-0000-9065-0000	93,500.00	93,500.00	-	52,000.00
Uniform Expense	5710-7710-7180-0000		2,490.00	2,612.26	
Advertising-Marketing	5710-7710-7205-0000		1,540.00	5,369.99	
Disposal Services	5710-7710-7223-0000		2,410.00	2,025.94	
Mileage Exp/Allowance	5710-7710-7253-0000		-	62.95	
Miscellaneous Costs	5710-7710-7259-0000		3,380.00	3,776.36	
License & Fees	5710-7710-7331-0000		1,310.00	1,140.00	
License & Fees	5710-7726-7331-0000		-	604.00	
Building Maintenance	5710-7710-7655-0000		8,890.00	16,702.11	
Food & Beverage		20,020.00	20,020.00	32,293.61	-

		Amended Budget 2010-11	Actual Budget @ 5/31/2011	Actual Expenditures @ 5/31/2011	Proposed Budget 2011-12
Building Maintenance	5710-7712-7180-0000		-	725.71	
Leased Equipment	5710-7712-7223-0000		-	57,068.15	
Vehicle & Equip Replacemer	5710-7712-9140-0000		-	3,399.38	
Uniform Expense	5710-7714-7180-0000		3,510.00	4,504.83	
Disposal Services	5710-7714-7223-0000		910.00	1,580.86	
Meetings & Conferences	5710-7714-7241-0000		360.00	320.00	
Miscellaneous Costs	5710-7714-7259-0000		660.00	225.29	
Postage	5710-7714-7271-0000			12.30	
License & Fees	5710-7714-7331-0000		2,000.00	3,058.50	
Range Supplies	5710-7714-7353-0000		55,350.00	82,342.94	
Safety & Security	5710-7714-7360-0000		230.00	387.00	
Building Maintenance	5710-7714-7655-0000		14,880.00	974.06	
Grounds Maintenance	5710-7714-7755-0000		38,050.00	53,096.48	
Equipment Maintenance	5710-7714-9026-0000			25.00	
Leased Equipment	5710-7714-9065-0000		18,340.00	28,657.20	
Gold Course Maintenance		134,290.00	134,290.00	236,377.70	174,000.00
Uniform Expenses	5710-7716-7180-0000		370.00	540.41	
Disposal Services	5710-7716-7223-0000		1,790.00	3,188.00	
Safety & Security	5710-7716-7360-0000		630.00	486.00	
Building Maintenance	5710-7716-7655-0000		59,920.00	95,137.54	
Clubhouse		62,710.00	62,710.00	99,351.95	101,000.00
Uniform Expenses	5710-7722-7180-0000		330.00	357.50	
Advertising-Marketing	5710-7722-7205-0000		1,710.00	17,517.82	
Meetings and Conferences	5710-7722-7241-0000		-	33.60	
Postage	5710-7722-7271-0000		180.00	377.56	
Printing	5710-7722-7277-0000		840.00	1,293.98	
License & Fees	5710-7722-7331-0000		-	100.00	
Safety & Security	5710-7722-7360-0000		260.00	306.00	
Building Maintenance	5710-7722-7655-0000		6,710.00	6,893.60	
Pro Shop		10,030.00	10,030.00	26,880.06	-
Other Services & Supplies					
Principle	5710-0000-9840-0000	37,190.00	37,190.00	37,265.23	-
Interest	5710-0000-9860-0000	157,780.00	157,780.00	140,481.35	-
Legal - BB & K	5710-0000-8972-0402	96,280.00	96,280.00	28,738.90	-
Transfer - 5010	5710-0000-9610-5010	(467,281.00)	(467,281.00)	(467,281.00)	-
Taxes - Property	5710-0000-7377-0000	7,010.00	7,010.00	23,821.73	-
Total		1,864,865.00	1,870,355.00	1,266,887.57	1,415,860.00

Town of Apple Valley
Apple Valley Golf Club Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Ten Months Ended April 30, 2011

	Budget	Current Month	Fiscal Year-to-date	Prior Fiscal Year-to-date
Revenue				
Green Fees	\$ 653,522	\$ 55,582	\$ 487,895	\$ 434,930
Pro Shop Merchandise Sales	85,658		12,913	28,282
Food & Beverage Sales	474,080		171,033	361,075
Water Use Fees (Sales)				69,440
Other	62,623	3,312	58,683	106,481
Total Revenue	<u>1,275,883</u>	<u>58,894</u>	<u>730,524</u>	<u>1,000,208</u>
Operating Expenditures				
Non-departmental	724,812	37,957	272,302	603,075
Golf Club Administration	58,290	12,938	117,075	243,402
Food & Beverage Operations	418,276	470	205,400	406,169
Cart Barn	-	8,215	56,378	50,337
Golf Course Grounds ¹	820,550	47,486	668,956	698,879
Golf Course Facilities	150,280	15,708	176,162	162,577
Pro Shop	165,428	8,125	96,351	124,824
Tennis Court	-	35	955	2,975
Total Operating Expenditures	<u>2,337,636</u>	<u>130,934</u>	<u>1,593,579</u>	<u>2,292,238</u>
Income (Loss) from Operations	<u>(1,061,753)</u>	<u>(72,040)</u>	<u>(863,055)</u>	<u>(1,292,030)</u>
Other Revenue (Expenditure) Items				
Transfer(s) to (From) Other Funds	<u>467,281</u>		<u>467,281</u>	<u>(204,082)</u>
Net change in Fund Balance	(594,472)	<u>\$ (72,040)</u>	(395,774)	(1,496,112)
Fund Balance - beginning	<u>(2,645,422)</u>		<u>(2,645,422)</u>	<u>(741,331)</u>
Fund Balance - ending	<u>\$ (3,239,894)</u>		<u>\$ (3,041,196)</u>	<u>\$ (2,237,443)</u>

¹ See attached line item details

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Town of Apple Valley
Apple Valley Golf Club Fund
 Details of Golf Course Grounds
 For the Ten Months Ended April 30, 2011

	Budget	Current Month	Fiscal Year-to-date	Prior Fiscal Year-to-date
Golf Course Grounds				
Water	468,020		272,908	208,300
Other Utilities	56,080	2,939	34,998	38,398
Range Supplies	55,350	9,959	70,327	81,189
Building Maintenance	14,880	-	974	26,120
Grounds Maintenance	38,050	11,006	47,991	57,180
Contract Services	162,160	20,531	207,190	231,067
Leased Equipment	18,340	2,605	26,052	26,998
Other	7,670	446	8,516	29,627
Total Operating Expenditures	820,550	47,486	668,956	698,879

Account Number	Apple Valley Golf Club	Beginning Balance	Debits	Credits	YTD Debits	YTD Credits	Balance
Assets							
5710-1010-0000	Cash - General Treasury	3,048,340.19 CR	0.00	99,239.05	662,544.47	3,810,123.71	3,147,579.24 CR
5710-1020-0000	Cash - AVCC - Checking	7,498.99 CR	77,196.54	105,187.62	1,223,872.10	1,259,365.17	35,490.07 CR
5710-1025-0000	Cash - AVCC - DCB - Deposit	17,346.44	68,771.95	54,678.42	829,972.72	842,683.63	31,439.97
5710-1040-0000	Cash - Petty Cash	2,600.00	0.00	0.00	3,750.00	1,150.00	2,600.00
5710-1110-0000	Accounts Receivable	482.65	59,815.15	40,297.80	115,864.27	98,778.10	20,000.00
5710-1120-0000	Due from LGM	0.00	11,781.50	11,781.50	50,834.55	50,834.55	0.00
5710-1160-0000	Interest Receivable	0.00	0.00	0.00	1,835.95	1,835.95	0.00
5710-1210-0000	Due from Other Gov Agencies	0.00	0.00	0.00	2,559.31	2,559.31	0.00
Total Assets		3,035,410.09 CR	217,565.14	311,184.39	2,891,233.37	6,067,330.42	3,129,029.34 CR
Liabilities							
5710-2020-0000	Accounts Payable	0.00	75,207.60	75,207.60	474,416.16	341,134.46	0.00
5710-2095-0000	Due to LGM	3,178.79 CR	7,994.68	4,814.92	15,331.10	15,331.13	0.03 CR
5710-2450-0000	Sales Tax Payable	2,605.12 CR	0.00	0.00	18,078.00	18,449.44	2,605.12 CR
5710-2560-0000	Interest Payable	0.00	0.00	0.00	1,835.95	0.00	0.00
5710-2630-0000	Due to Other Funds	0.00	0.00	0.00	2,552,579.26	0.00	0.00
5710-2668-0000	Due to Other Governments	0.00	0.00	0.00	2,559.31	0.00	0.00
Total Liabilities		5,784.91 CR	83,202.28	80,022.52	3,064,799.78	374,915.03	2,605.15 CR
Equities							
5710-3600-0000	Fund Balance - Unreserved, Undesig	2,645,422.19	0.00	0.00	0.00	0.00	2,645,422.19
Total Equities		2,645,422.19	0.00	0.00	0.00	0.00	2,645,422.19

G/L Trial Balance Report
 Town of Apple Valley
 5/ 1/2011 through 5/31/2011

Account Number	Apple Valley Golf Club	Beginning Balance	Debits	Credits	YTD Debits	YTD Credits	Balance
Operating							
5710-3010-0000	Revenue Control	718,912.00 CR	3,186.53	64,950.03	49,836.36	830,511.86	780,675.50 CR
5710-3020-0000	Expenditure Control	1,114,684.81	154,137.99	1,935.00	1,953,685.66	686,797.86	1,266,887.80
Total Operating		395,772.81	157,324.52	66,885.03	2,003,522.02	1,517,309.72	486,212.30
Budgetary							
5710-3050-0000	Estimated Revenues	6,379,415.00	0.00	0.00	6,379,415.00	0.00	6,379,415.00
5710-3060-0000	Appropriations	8,876,899.00 CR	0.00	0.00	1,958,481.00	10,835,380.00	8,876,899.00 CR
5710-3070-0000	Budgetary Fund Balance	2,497,484.00	0.00	0.00	10,835,380.00	8,337,896.00	2,497,484.00
Total Budgetary		0.00	0.00	0.00	19,173,276.00	19,173,276.00	0.00
Assets							
Liabilities							
Equities							
Operating							
Budgetary							
Total Apple Valley Golf Club		0.00	458,091.94	458,091.94	27,132,831.17	27,132,831.17	0.00

Revenue Status Report
 11 MONTHS ENDED MAY 31, 2011
 Town of Apple Valley
 5/1/2011 through 5/31/2011

revstat.rpt
 06/14/2011 10:35AM
 Periods: 11 through 11

Account Number	Adjusted Estimate	Revenues	Year-to-date Revenues	Balance	Prct Rcvd
5710					
Apple Valley Golf Club					
5710-0000					
Non-Departmental Revenue					
5710-0000-4181-0000	0.00	403.35	13,704.68	-13,704.68	0.00
Refunds, Reimb, Rebates					
5710-0000-4184-0000	0.00	-47.94	280.35	-280.35	0.00
Shorts/Over					
5710-0000-4255-0000	0.00	0.00	-11,613.38	11,613.38	0.00
Interest Earnings					
5710-0000-8420-0000	653,522.00	58,577.00	546,472.01	107,049.99	83.62
Green Fees					
5710-0000-8450-0000	85,658.00	0.00	12,913.03	72,744.97	15.08
Pro Shop Merchandises Sales					
5710-0000-8470-0000	474,080.00	0.00	171,033.33	303,046.67	36.08
Food & Beverage Sales					
5710-0000-8480-0000	0.00	-749.22	-5,358.98	5,358.99	0.00
Golf Course Events					
5710-0000-8490-0000	82,823.00	3,580.31	53,245.47	9,377.53	85.03
Other Golf Course Revenue					
Total	1,275,883.00	61,763.50	780,676.50	495,207.50	61.19

Expenditure Status Report
 11 MONTHS ENDED MAY 31, 2011
 Town of Apple Valley
 5/1/2011 through 5/31/2011

expstat.rpt
 06/14/2011 10:22AM
 Periods: 11 through 11

5710 Apple Valley Golf Club

Account Number	Adjusted Appropriation	Expenditures	Year-to-date Expenditures	Year-to-date Encumbrances	Balance	Pct Used
5710-0000						
Non-departmental						
5710-0000-7180-0000	0.00	0.00	844.90	0.00	-844.90	0.00
Uniform Expenses						
5710-0000-7205-0000	100,000.00	0.00	0.00	0.00	100,000.00	0.00
Advertising - Marketing						
5710-0000-7217-0000	1,850.00	601.91	8,087.88	0.00	-6,237.86	437.18
Credit Card Costs						
5710-0000-7235-0000	55,952.00	2,774.05	28,098.03	0.00	27,853.97	50.22
Insurance						
5710-0000-7259-0000	240.00	70.00	-2,228.59	0.00	2,466.59	927.75
Miscellaneous Costs						
5710-0000-7311-0000	20,010.00	0.00	2,295.57	0.00	17,714.43	11.47
AVCC Charges						
5710-0000-7324-0000	0.00	-1,282.11	-1,898.32	0.00	1,898.32	0.00
Gift Certificates						
5710-0000-7332-0000	98,000.00	0.00	0.00	0.00	98,000.00	0.00
Management Fee						
5710-0000-7377-0000	7,010.00	0.00	23,821.73	0.00	-16,811.73	339.82
Taxes - Property						
5710-0000-8940-0000	59,000.00	1,346.28	30,014.13	0.00	28,985.87	50.87
Contract Services						
5710-0000-8972-0402	98,280.00	15,987.45	28,738.90	0.00	67,541.10	29.85
Legal - BB & K						
5710-0000-8065-0000	93,500.00	0.00	0.00	0.00	93,500.00	0.00
Leased Equipment						
5710-0000-9810-5010	-467,281.00	0.00	-467,280.77	0.00	-0.23	100.00
Transfer - 5010						
5710-0000-9840-0000	37,190.00	3,899.21	37,285.23	0.00	-75.23	100.20
Principle						
5710-0000-9860-0000	157,780.00	12,259.57	140,481.35	0.00	17,298.65	89.04
Interest						
Total Non-departmental	257,531.00	35,036.38	-171,555.98	0.00	428,086.98	0.00
5710-7700						
Golf Club - Administration						
5710-7700-7205-0000	0.00	0.00	838.75	0.00	-838.75	0.00
Advertising - Marketing						
5710-7700-7253-0000	1,370.00	637.50	3,657.45	0.00	-2,287.45	266.87
Mileage Exp/Allowance						
5710-7700-7259-0000	1,080.00	315.97	2,142.82	0.00	-1,062.82	198.39
Miscellaneous Costs						
5710-7700-7271-0000	350.00	0.00	405.54	0.00	-55.54	115.87
Postage						
5710-7700-7277-0000	0.00	31.54	31.54	0.00	-31.54	0.00
Printing						
5710-7700-7295-0109	5,760.00	837.37	7,418.07	0.00	-1,656.07	128.75
Utilities; Phone, Internet, Cell Phones						
5710-7700-7331-0000	300.00	833.27	2,687.32	0.00	-2,387.32	895.77
License & Fees						
5710-7700-7855-0000	1,770.00	0.00	1,261.56	0.00	508.44	71.27
Building Maintenance						
5710-7700-8940-0000	47,040.00	9,085.82	107,146.21	0.00	-60,106.21	227.78
Contract Services						
5710-7700-8065-0000	920.00	158.79	3,386.44	0.00	-2,746.44	542.87
Leased Equipment						
Total Golf Club - Administration	56,290.00	11,860.28	128,955.50	0.00	-70,665.50	221.23
5710-7710						
Golf Club - Food and Beverage						

5710 Apple Valley Golf Club

Account Number	Adjusted Appropriation	Expenditures	Year-to-date Expenditures	Year-to-date Encumbrances	Balance	Prc't Used
5710-7710-7180-0000 Uniform Expenses	2,460.00	0.00	2,812.28	0.00	-122.28	104.91
5710-7710-7205-0000 Advertising - Marketing	1,540.00	0.00	5,369.99	0.00	-3,829.99	348.70
5710-7710-7223-0000 Disposal Services	2,410.00	230.28	2,025.94	0.00	384.06	84.08
5710-7710-7253-0000 Mileage Exp/Allowance	0.00	0.00	62.95	0.00	-62.95	0.00
5710-7710-7259-0000 Miscellaneous Costs	3,390.00	91.84	3,776.36	0.00	-396.36	111.73
5710-7710-7295-0109 Utilities: Phone, Internet, Cell Phones	1,430.00	34.83	368.16	0.00	1,043.84	27.00
5710-7710-7323-0000 Food and Beverage - Resale	157,238.00	72.45	58,447.08	0.00	100,788.92	35.90
5710-7710-7331-0000 License & Fees	1,310.00	0.00	1,140.00	0.00	170.00	87.02
5710-7710-7655-0000 Building Maintenance	8,990.00	450.84	16,702.11	0.00	-7,812.11	187.88
5710-7710-8940-0000 Contract Services	238,590.00	0.00	117,757.83	0.00	121,832.17	49.15
Total Golf Club - Food and Beverage	418,276.00	860.24	206,280.68	0.00	211,995.32	49.32
5710-7712 Golf Club - Cart Barn						
5710-7712-7655-0000 Building Maintenance	0.00	0.00	725.71	0.00	-725.71	0.00
5710-7712-9085-0000 Leased Equipment	0.00	4,815.49	57,068.15	0.00	-57,068.15	0.00
5710-7712-9140-0000 Vehicle & Equip Replacement	0.00	0.00	3,399.38	0.00	-3,399.38	0.00
Total Golf Club - Cart Barn	0.00	4,815.49	61,193.24	0.00	-61,193.24	0.00
5710-7714 Golf Club - Golf Course Grounds						
5710-7714-7180-0000 Uniform Expenses	3,510.00	683.05	4,504.83	0.00	-994.83	128.34
5710-7714-7223-0000 Disposal Services	810.00	0.00	1,560.86	0.00	-670.86	173.72
5710-7714-7241-0000 Meetings & Conferences	360.00	0.00	320.00	0.00	40.00	88.89
5710-7714-7259-0000 Miscellaneous Costs	680.00	50.49	225.29	0.00	434.71	34.13
5710-7714-7271-0000 Postage	0.00	0.00	12.30	0.00	-12.30	0.00
5710-7714-7295-0109 Utilities: Phone, Internet, Cell Phones	2,440.00	304.92	2,504.02	0.00	-64.02	102.62
5710-7714-7295-0849 Utilities: Electricity Usage	53,640.00	4,761.48	37,560.84	0.00	16,079.16	70.02
5710-7714-7331-0000 License & Fees	488,020.00	15,362.14	288,269.95	0.00	178,750.05	61.59
5710-7714-7353-0000 Range Supplies	2,000.00	838.10	3,058.50	0.00	-1,058.50	152.93
5710-7714-7360-0000 Safety & Security	55,350.00	12,016.38	82,342.94	0.00	-28,992.94	148.77
5710-7714-7655-0000 Building Maintenance	230.00	0.00	387.00	0.00	-157.00	168.26
5710-7714-7765-0000 Grounds Maintenance	14,880.00	0.00	974.06	0.00	13,905.94	6.55
5710-7714-8940-0000 Contract Services	38,050.00	5,105.82	53,066.48	0.00	-15,046.48	139.54
Total	162,180.00	22,525.18	229,714.78	0.00	-67,554.78	141.66

Expenditure Status Report
11 MONTHS ENDED MAY 31, 2011
Town of Apple Valley
5/1/2011 through 5/31/2011

5710 Apple Valley Golf Club

Account Number	Adjusted Appropriation	Expenditures	Year-to-date Expenditures	Year-to-date Encumbrances	Balance	Prct Used
5710-7714-9028-0000 Equipment Maintenance	0.00	25.00	25.00	0.00	-25.00	0.00
5710-7714-9085-0000 Leased Equipment	18,340.00	2,805.20	28,857.20	0.00	-10,317.20	156.26
Total Golf Club - Golf Course Grounds	820,550.00	64,277.74	733,234.05	0.00	87,315.95	89.38
5710-7716 Golf Club - Golf Course Facilities						
5710-7716-7180-0000 Uniform Expenses	370.00	85.70	540.41	0.00	-170.41	146.08
5710-7716-7223-0000 Disposal Services	1,790.00	342.54	3,188.00	0.00	-1,398.00	178.10
5710-7716-7295-0847 Utilities: Electricity Usage	32,480.00	5,911.28	39,428.95	0.00	-6,948.95	121.39
5710-7716-7295-0848 Utilities: Natural Gas Usage	23,620.00	406.68	8,108.51	0.00	15,511.49	34.33
5710-7716-7295-0849 Utilities: Water Usage	10,230.00	764.14	4,761.54	0.00	5,468.46	46.54
5710-7716-7360-0000 Safety & Security	630.00	0.00	488.00	0.00	144.00	77.14
5710-7716-7655-0000 Building Maintenance	58,920.00	14,463.12	95,137.54	0.00	-35,217.54	158.77
5710-7716-8840-0000 Contract Services	21,240.00	6,063.27	52,547.90	0.00	-31,307.90	247.40
Total Golf Club - Golf Course Facilities	150,290.00	28,038.74	204,188.85	0.00	-53,818.85	135.88
5710-7718 Golf Club - Parking Lot						
Total Golf Club - Parking Lot	0.00	0.00	0.00	0.00	0.00	0.00
5710-7722 Golf Club - Pro Shop						
5710-7722-7180-0000 Uniform Expenses	330.00	311.88	357.50	0.00	-27.50	108.33
5710-7722-7205-0000 Advertising - Marketing	1,710.00	1,613.32	17,517.82	0.00	-15,807.82	1,024.43
5710-7722-7241-0000 Meetings & Conferences	0.00	0.00	33.60	0.00	-33.60	0.00
5710-7722-7271-0000 Postage	180.00	0.00	377.56	0.00	-197.56	209.76
5710-7722-7277-0000 Printing	840.00	0.00	1,293.98	0.00	-453.98	154.05
5710-7722-7285-0108 Utilities: Phone, Internet, Cell Phones	1,250.00	84.45	1,046.56	0.00	203.44	83.72
5710-7722-7331-0000 License & Fees	0.00	0.00	100.00	0.00	-100.00	0.00
5710-7722-7334-0000 Merchandise - Resale	55,548.00	0.00	11,315.72	0.00	44,232.28	20.37
5710-7722-7360-0000 Safety & Security	280.00	0.00	308.00	0.00	-46.00	117.89
5710-7722-7655-0000 Building Maintenance	6,710.00	24.98	6,883.60	0.00	-183.60	102.74
5710-7722-8840-0000 Contract Services	98,600.00	5,196.89	64,349.21	0.00	34,250.78	65.26
Total Golf Club - Pro Shop	165,428.00	7,241.33	103,591.55	0.00	61,839.45	62.62
5710-7724 Golf Club - Food and Beverage						

5710 Apple Valley Golf Club

Account Number	Adjusted Appropriation	Expenditures	Year-to-date Expenditures	Year-to-date Encumbrances	Balance	Pct Used
Total	0.00	0.00	0.00	0.00	0.00	0.00
5710-7728 Golf Club - Food and Beverage						
5710-7728 Golf Club - Tennis Court						
5710-7728-7295-0108 Utilities: Phone, Internet, Cell Phones	34.83	34.83	385.91	0.00	-385.91	0.00
5710-7728-7331-0000 License & Fees	0.00	0.00	604.00	0.00	-604.00	0.00
Total Golf Club - Tennis Court	0.00	34.83	989.91	0.00	-989.91	0.00
Total Apple Valley Golf Club	1,870,355.00	152,202.99	1,266,887.80	0.00	803,467.20	67.74

Apple Valley Country Club Golf Course Task Force Committee Recommendations Status Update

At the Town Council meeting on April 13, 2010, the Town Council accepted the recommendations of the Apple Valley Golf Course Task Force committee and directed staff to implement the following 14 individual recommendations listed.

- 1) Initiate a major marketing strategy immediately, heightening the general awareness within a 45 minute radius of the Town of Apple Valley Country Club's conversion to a public venue.

Status: Complete - Within the confines of the approved budget for AVCC, the management company increased its printed media advertising for special promotional activities at the AVCC. In addition, the AVCC web page has been updated and redesigned to be more user-friendly, and a link from the Town's web page has been added so the public can be redirected to the AVCC web page directly from the Town's web page. In addition, roadway signage has been installed to help direct golfers to the AVCC from surrounding Town roadways. Additional signage along State Hwy 18 are also planned to be installed at Rancherias and Hwy 18.

- 2) Consider re-branding the golf course. The term "Country Club" can confuse potential patrons and may deter them from visiting the facility.

Status: Incomplete - This will require re-naming of the AVCC and any further action on this item is awaiting the close of escrow.

- 3) Open the golf course for general public play on Mondays. This step alone could generate an increase in play at the facility approaching 8% (1,700 – 2,000 rounds) per year.

Status: Complete - The AVCC Golf Course is now open for public play on Monday and is therefore, now open seven days per week. Play on Mondays has shown a steady increase and has been reported as high as 156 rounds of paid play on Monday, September 6th, Labor Day.

- 4) Develop a long range strategy to return the golf course to break-even or better performance. The Task Force recommends that the golf course operator and the current Golf Course Task Force, or other committee acceptable to the Town Council, work together in order to develop those strategies.

Status: In progress - These activities are ongoing at the manager/staff level. Staff and Landmark Golf meet regularly to review the operation and concepts for controlling expenses and increasing expenditures. Appointment of subcommittee members will likely need to follow the close of escrow.

- 5) Add a staff member to the club's management team with the primary responsibility to oversee sales of tournaments and catering events. This staffer would also be responsible to develop and execute the annual marketing plan with concurrence of the Town staff.

Status: Incomplete - Landmark Golf has taken steps to re-align its internal structure to allow a staff member to concentrate its sales and marketing activity toward banquet and tournament sales and service. Additional staffing complements for this purpose delayed pending close of escrow

- 6) Initiate steps to more readily identify the clubhouse to major automobile traffic on Hwy. 18, including road signage, as well as identifiable clubhouse signage.

Status Complete – See item #1 above – street signage additions

- 7) Strongly consider filling in the pool, and in its place create a visually stunning and versatile landscaped event lawn in that area. This will be the clubs single best feature to draw events (i.e. weddings / corporate entertainment) to Apple Valley Country Club.

Status: Incomplete – pending close of escrow and funding authorization for these improvements

- 8) Renegotiate the purchase agreement to provide an annual pass program in lieu of the equity member discount that would generate substantially more revenue than the current members provide the club. That annual pass membership would be available to the general public as well.

Status: Complete – Purchase agreement has been renegotiated and approved to remove member discounts. Monthly annual pass program has been developed and initiated. Members pay same fee for golf that general public pays.

- 9) Continue the trail fee program for former members that utilize their own carts on the golf course.

Status: Complete - Trail fees for members have been developed and re-established for use of private carts by former members.

- 10) Re-evaluate the current rate structure for Apple Valley Country Club

Status: Incomplete – Awaiting close of escrow

2:53 PM
06/20/11
Accrual Basis

LGM Apple Valley LLC Concessions
Profit & Loss
May 2011

	May 11	Jan - May 11
Ordinary Income/Expense		
Income		
Food Sales	22,082.67	76,761.56
Liquor/Beer/Wine Sales	7,417.61	27,917.36
Non-Alcoholic Beverage Sales	1,913.47	6,856.20
Other F & B	1,287.18	5,055.46
Other Merchandise	229.48	711.61
Pro-Shop Merchandise Sales	4,198.03	13,601.23
Total Income	37,128.44	130,903.42
Cost of Goods Sold		
Bar Purchases		
Cost of Beer	1,414.20	5,904.20
Cost of Beverage-Non Liquor	1,410.17	4,198.26
Cost of Liquor	1,320.79	4,391.63
Cost of Snacks	219.96	1,736.52
Total Bar Purchases	4,365.12	16,230.61
Food Purchases	6,326.67	24,836.55
Inventory Beverage Adjustment	201.43	159.69
Inventory Food Adjustment	525.80	730.55
Merchandise	2,629.00	8,657.07
Merchandise Shipping	103.35	471.26
Merchant Account Fees	157.48	556.24
Restaurant Supplies	0.00	119.71
Total COGS	14,307.85	51,761.68
Gross Profit	22,820.59	79,141.74
Expense		
Advertising and Promotion	468.46	1,843.24
Bank Service Charges	10.00	20.00
Bar Supplies	406.31	1,691.51
Business Licenses and Permits	0.00	876.00
Cash Over and Short	-66.10	-134.49
F & B Supplies	383.68	1,811.87
Golf Shop Supplies	152.14	195.17
Insurance Expense		
Dental Insurance	80.12	200.30
General Liability Insurance	0.00	400.04
Health Insurance	917.13	4,739.63
Worker's Compensation	0.00	1,389.31
Total Insurance Expense	997.25	6,729.28
Janitorial Expense		
F & B Chemicals	40.60	728.37
Total Janitorial Expense	40.60	728.37
LGM Promotions	0.00	43.79
License Fee	1,379.00	2,619.00
Linen Expense	749.06	2,247.77
Office Supplies	18.71	480.86
Payroll Expenses	7,961.29	44,328.18
Past Elimination	216.00	426.50
Repairs and Maintenance	293.99	658.99
Security	160.00	160.00
Uniforms	647.31	1,141.33
Utilities	0.00	193.20
Total Expense	13,817.70	66,058.55
Net Ordinary Income	9,002.89	13,083.19