



# CITY OF CONCORD

## Report to Mayor and City Council

**DATE:** September 27, 2019

**TO:** Mayor and City Council

**FROM:** Brian G. LeBrun, Deputy City Manager - Finance

**SUBJECT:** FY 2019 Supplemental Appropriation and Beaver Meadow Golf Course General Overhead Adjustment Request

### **Recommendation**

Approve the attached supplemental appropriation request in the amount of \$170,950 for the Inspection Fund and the General Fund, and accept this report to reverse the Golf Fund overhead transfer to the General Fund retroactive to June 30, 2019.

### **Background**

Annually at the end of the fiscal year, administration reviews total expenditures in each fund and provides a supplemental appropriation request if needed for funds that have exceeded budgeted expenditures.

Inspection Fund - For FY 2019 the preliminary results for the Inspection Fund are a loss of \$7,702 including expenses that exceeded budget by \$108,154. The supplemental requested amount is rounded to \$108,200 and this amount is made up by excess inspection revenues, \$99,670 collected to support the inspection efforts and Inspection Fund Balance of \$8,530.

Golf Fund - For FY 2019, the preliminary results for the Golf Fund report a loss of \$139,100 including expenses that exceeded budget appropriations by \$62,748. This amount is made up by the proposed reversal of the general overhead charge \$76,350 and additional support in the amount of \$62,750, rounded, is requested from the General Fund to maintain this fund.

## Discussion

Inspection – the Inspection Fund is reporting revenue less than expenses of \$7,702 and the supplemental appropriation of \$108,200 is housekeeping to bring the approved budget in line with actual expenditures. The additional revenues do not fully support the additional expenditures and the balance is supported by available fund balance.

General Fund – in addition to the reversal of the Golf Fund overhead transfer to the General Fund, this supplemental appropriation request is to transfer an additional \$62,750 to the Golf Fund to help support operations due to revenues not meeting budget expectations and over-expenditures to support operations.

Golf - The golf fund is reporting a preliminary loss of \$139,100 for Fiscal Year 2019. Overall revenues in the fund were short of Fiscal Year 2019 budget by \$16,700. Expenses were over budget by \$72,200 which is offset by the proposed reversal of the General Fund Overhead charges. The fund had a planned loss of \$50,275.

Major Revenue Variances compared to:

	FY 2019	FY 2018
	<u>Budget</u>	<u>Actual</u>
1. Camps	(\$4,100)	\$3,000
2. Seasonal Passes	(\$22,400)	\$12,900
3. Daily Fees	(\$15,300)	(\$9,400)
4. Cart Rental	(\$8,500)	(\$3,100)
5. Driving Range	\$1,400	(\$3,000)
6. League and Tournament Fees	\$21,100	\$7,500
7. Golf Simulator	\$10,400	\$12,400
8. Pro Shop Sales	\$13,300	\$29,100
9. Concession Income	-0-	\$6,500

- a) As presented, the reduction in memberships is a factor on many of the revenue categories including Season Passes, Cart Rentals, Driving Range and Pro Shop Sales, although season pass revenue is better than FY 2018 actuals.
- b) Daily Fees are down compared to budget and FY 2018 mainly due to the amount of rain last August and this spring. Also, associated Cart Rentals and Driving Range revenue is impacted by weather.
- c) League and Tournament Fees are up compared to budget and also have additional comparable associated expenses.
- d) Golf Simulator Revenues are up compared to both budget and is definitely a bright spot in the Golf Fund.
- e) Pro shop sales are up compared to budget and FY 2018. Cost of Goods Sold is also higher due to the increased sales and smaller profit margin on golf clubs. Again, pro shop sales is a bright spot in the golf fund.

f) Concession income is normalized for FY2019.

Expenses budget to actual are overspent by \$72,200 and is offset by the proposed reversal of the General Overhead charges.

Major Expense Variances compared to:

	FY2019 <u>Budget</u>
1. Wages and Benefits	\$6,300
2. Building Services and Repairs	\$9,200
3. Rent and Operational Leases	\$4,900
4. Grounds and Horticultural Sup	\$8,500
5. Cost of Goods Sold	\$22,400
6. League & Tournament Expenses	\$21,100
7. Natural Gas	(\$4,300)
8. Water Wastewater	(\$4,100)

- a) Wages and benefits due to support outings and extra hours for increased simulator revenue.
- b) Building service and repairs due to electrical work for tent, emergency plumbing and HVAC repairs in clubhouse.
- c) Rent and Operational Leases due to additional cart rentals for larger outings.
- d) Grounds and Horticultural Supplies due to installation of sod on several tee boxes damaged over winter.
- e) Cost of Goods sold due to increased Pro Shop Sales, increased special order club sales.
- f) League and Tournament Fees a direct offset to revenue.
- g) Natural Gas and Water less than expected.

Overall:

Total revenues	\$1,054,137
Total Expenses	<u>1,193,235</u>
Operating Loss	139,098
Less:	76,350 (Requested forgiveness of Overhead Charges)
Additional General Fund Transfer	<u>62,748</u> (To keep the golf fund from being in negative working capital position)
	\$0

This request and the attached resolution is to forgive the overhead charges charged to the Golf Fund by the General Fund (\$76,350) and to provide an additional transfer from the General Fund (\$62,750) rounded, to keep the golf fund from reporting a negative fund balance position.

In Fiscal Year 2019, the City Council approved a change in this fund's status from enterprise to special revenue and starting in the FY 2020 budget, support for the golf fund was built into the budget during budget deliberations in June 2019.

Beaver Meadow strives to earn its fair share of the local golf market and be the best course it can be in terms of course conditions, overall customer experience, and a great food and beverage service, and we believe we are hitting these marks. Although revenues for Daily Green Fees and Cart Rentals and Driving Range are down for FY19 vs FY18, revenues for Memberships, Pro Shop Sales and Simulator are all up for FY19 compared to FY18, a very positive sign.