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Village of Bloomingdale

Finance Department

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MEMORANDUM

Date: January 26, 2018
To: Pietro Scalera, Village Administrator
From: Gary L. Szott, Finance Director/Treasurer *GS*
Subject: Golf Course Fund Proposed FY19 Budget and 5-Year Forecast

Issue: An annual budget for the Golf Course Fund (the "Fund") is prepared, in collaboration with the golf course manager, as well as a 5-Year Forecast. The primary objective of the budget and forecast is to review the financial position of the Fund measured from both a short and a long-term perspective. The short-term, or annual, fiscal policy objective for the Fund is for it to "operate with a target net income from operations of \$100,000, before depreciation." The long-term fiscal policy objective for the Fund is to ensure it is self-sustaining.

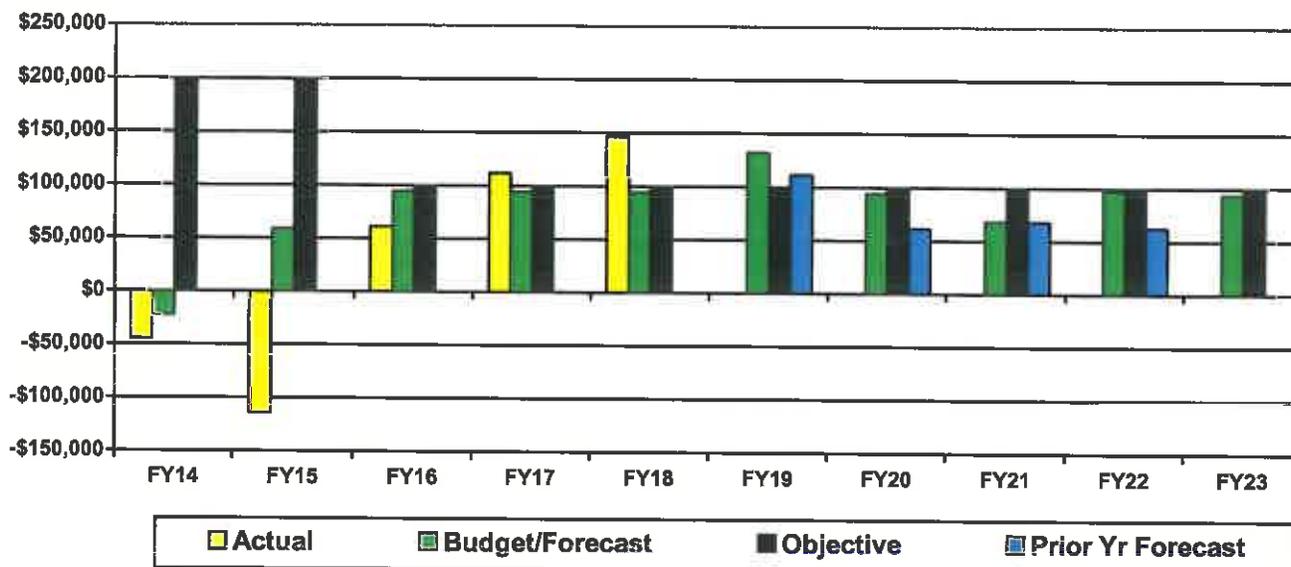
Analysis: The preliminary FY19 Budget projects an operating income of \$132,315, before depreciation. The FY18 end-of-year projections indicate that the Fund will attain an operating income of \$146,520, before depreciation. This immediate time period is reflecting improved operating performance benefitting from an improving economy, the golf industry's adjustment to customer preferences, the return of a greater interest in golf, and an ever-present consciousness to control operating costs.

This budgeted and projected financial performance is encouraging when compared to the past five fiscal years (FY14 through FY18). The financial performance over this longer time frame reflects a positive, yet difficult, period as the Fund's average annual net income, before depreciation, was \$32,119, or \$67,881 (68%) less than the objective.

Looking forward over the next five fiscal year period time frame (FY19 through FY23), the Fund is projected to achieve an average annual net income, before depreciation, of \$97,823, which is, for all intents, achieving the objective. Notably, this projection is based on conservative greens and cart rental fees as well as two major maintenance projects totaling \$60,000 (parking lot sealcoating and clubhouse exterior painting).

January 26, 2018
Pietro Scalera, Village Administrator
Golf Course Fund Preliminary FY19 Budget and 5-Year Forecast

**Boomingdale Golf Club
Actual and Forecasted Financial Performance**



The budget and forecasts were developed using the following assumptions and trends:

1. **Greens fees** do not change from their current levels except for the \$1.00 increase to greens fees for golf outings, and each year the number of “rounds” of golf played attains the 5-year historical average of 31,573, and the average greens fees per round attains the 5-year historical average of \$25.38.
2. **Golf cart rental fees** do not change from their current levels, and each year the number of cart rentals attains the 5-year historical average of 26,744, and the average cart rental fee per round attains the 5-year historical average of \$14.19.
3. **Operating expenses** increase 1.00% annually through FY23. The actual average annual increase of operating expenses for the past five years (FY14 through FY18) has been .13%.
4. **Capital outlay** (equipment replacement and acquisition) occur as scheduled and expected. The Forecast presents all capital outlays to use cash financing.

Another measure of the Fund’s fiscal health is the ability to maintain an operating reserve level of 25% of operating expenses. Operating reserves provide for the delivery

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Pietro Scaiera, Village Administrator

Golf Course Fund Preliminary FY19 Budget and 5-Year Forecast

of ongoing services, short-term cash flow disparities, unbudgeted and unexpected system repairs or equipment replacements and other unforeseen events. This target is projected to be attained each year through FY23. However, in FY23, the replacement of the bridges on hole #11, at an estimated cost of \$250,000, may need occur. If this project was pursued and funded with cash, it would create some stress on cash levels. As such, alternative financing may be helpful

Additionally, while improvement in operations, operating reserves and “excess” cash is occurring, if any major or significant unforeseen needs arise such as building maintenance or future golf cart replacements, debt financing or other financing support may be necessary.

Recommendation: Staff and golf course management must continue to be cognizant of controlling expenses and developing additional rounds of golf and cart rentals. Continued close scrutiny and control of operating expenses is required and continued marketing of the golf course must be pursued.

BLOOMINGDALE GOLF CLUB
GOLF COURSE OPERATIONS FUND
5 YEAR FORECAST
 Statement of Revenues, Expenses and Available Balances

	14/	15/	16/	17/	18/	19/	20/	21/	22/	23/	24/	25/	26/	27/	28/	29/	30/	
	(audited)	(Budget)	(Budget)	(Budget)	(Budget)	(forecast)												
	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	SOURCE, COMMENTS
	4/30/2017	4/30/2018	4/30/2019	4/30/2020	4/30/2021	4/30/2022	4/30/2023											or ASSUMPTION
OPERATING REVENUES																		
1	Greens Fees	792,909	794,400	803,850	822,000	806,000	807,000	807,000	810,000	810,000	810,000	810,000	810,000	810,000	810,000	810,000	810,000	5 yr ave rate/round * ave # of rounds
2	Cart Rental Fees	396,013	388,000	400,005	400,500	406,000	406,000	406,000	403,000	403,000	403,000	403,000	403,000	403,000	403,000	403,000	403,000	5 yr ave rate/round * ave # of rentals
3	Golf Club Rental Fees	2,840	2,900	3,665	3,100	3,100	3,100	3,100	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	5 yr average
4	CDGA Fees	315	400	250	405	400	300	300	300	300	300	300	300	300	300	300	300	5 yr average
5	Practice Range Fees	29,611	30,600	31,600	30,800	30,800	30,700	30,700	30,900	30,900	30,900	30,900	30,900	30,900	30,900	30,900	30,900	5 yr average
6	Incentive Card Fees	1,680	1,600	1,620	2,000	1,700	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	5 yr average
7	Facility Rental Fees	129,369	134,180	134,180	139,190	144,400	149,900	155,600	161,500	161,500	161,500	161,500	161,500	161,500	161,500	161,500	161,500	Pro Shop and Banquet facilities
8	Contract Reimbursements	31,672	26,400	28,725	29,170	29,400	29,900	29,900	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400	5 yr average
9	TL Operating Revenues	1,384,408	1,378,480	1,403,895	1,427,165	1,421,800	1,428,700	1,430,400	1,440,100	1,440,100	1,440,100	1,440,100	1,440,100	1,440,100	1,440,100	1,440,100	1,440,100	
OPERATING EXPENSES																		
10	Purchased Services	983,886	986,345	973,695	977,600	987,400	997,300	1,007,300	1,017,400	1,017,400	1,017,400	1,017,400	1,017,400	1,017,400	1,017,400	1,017,400	1,017,400	5 yr average < 1.00%
11	Training & Education	1,085	2,100	2,290	2,420	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	5 yr average < 1.00%
12	Maintenance	75,615	90,150	73,635	110,755	131,900	153,000	114,100	115,200	115,200	115,200	115,200	115,200	115,200	115,200	115,200	115,200	5 yr average < 1.00%
13	Commodities	171,968	165,205	167,755	167,075	168,700	170,400	172,100	173,800	173,800	173,800	173,800	173,800	173,800	173,800	173,800	173,800	5 yr average < 1.00%
14	Other Charges	40,000	40,000	40,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	
15	TL Operating Expenses	1,272,554	1,283,800	1,257,375	1,294,850	1,327,400	1,350,100	1,332,900	1,345,800	1,345,800	1,345,800	1,345,800	1,345,800	1,345,800	1,345,800	1,345,800	1,345,800	
16	OPERATING INCOME BEFORE DEPRECIATION	111,854	94,680	146,520	132,315	94,400	68,600	97,500	94,300									
17	Depreciation	261,451	0	262,000	0	262,000	262,000	262,000	262,000	262,000	262,000	262,000	262,000	262,000	262,000	262,000	262,000	Non-cash expense
18	OPERATING INCOME/(LOSS) AFTER DEPRECIATION	(149,597)	94,680	(115,480)	132,315	(167,600)	(193,400)	(164,500)	(167,700)									
NON-OPERATING REVENUE/(EXPENSE)																		
19	Interest Income	5,136	3,500	8,470	6,000	8,000	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	5 yr ave = .56%; 1.50% FY19-FY23
20	Sale/Disposal of Assets	(20,262)	0	0	0	0	250	250	250	250	250	250	250	250	250	250	250	Various equipment disposals/sales
21	Other Income/(Expense)	12,622	4,835	7,515	4,825	10,600	10,800	9,300	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	5 Yr ave - Misc & IRMA surplus
22	TL Non-Operating Rev/(Exp)	(2,504)	8,335	15,985	10,825	18,600	19,150	17,650	16,950	16,950	16,950	16,950	16,950	16,950	16,950	16,950	16,950	
23	NET INCOME/(LOSS) BEFORE TRANSFERS & CAPITAL OUTLAY	(152,101)	103,035	(99,495)	143,140	(149,000)	(174,250)	(146,850)	(150,750)									
24	Capital Outlay -																	
25	Equipment	42,491	0	0	27,500	32,000	70,000	32,600	41,055	41,055	41,055	41,055	41,055	41,055	41,055	41,055	41,055	See Listing of CIP Projects
26	Buildings Improvements	26,768	34,270	28,275	104,100	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	See Listing of CIP Projects
27	Grounds Improvements	0	0	0	0	10,000	10,000	10,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	See Listing of CIP Projects
28	Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	See Listing of CIP Projects
29	Total Capital Outlay	69,259	34,270	28,275	131,600	47,000	85,000	47,600	306,055	306,055	306,055	306,055	306,055	306,055	306,055	306,055	306,055	
30	NET CHANGE from OPERATIONS, CAPITAL OUTLAY & TRANSFERS	(221,360)	68,765	(127,770)	11,540	(196,000)	(259,250)	(194,450)	(456,805)									

FINANCIAL POLICY OBJECTIVE \$100,000

**BLOOMINGDALE GOLF CLUB
GOLF COURSE OPERATIONS FUND
5 YEAR FORECAST
Summary of Cash Position**

[A] (audited) FYE	[B] (Budget) FYE	[C] (EOY budget) FYE	[E] (budget) FYE	[F] (forecast) FYE	[G] (forecast) FYE	[H] (forecast) FYE	[I] (forecast) FYE	[J] (forecast) FYE	SOURCE, COMMENTS or ASSUMPTION
4/30/2017		4/30/2018	4/30/2019	4/30/2020	4/30/2021	4/30/2022	4/30/2023		

SUMMARY OF CASH POSITION -

1	Net Change from Operations, Capital Outlay & Transfers	(221,360)	68,765	(127,770)	11,540	(196,000)	(259,250)	(194,450)	(456,805)	Annual Net Change - row 30	
2	Add: Depreciation Expense	261,451	0	262,000	0	262,000	262,000	262,000	262,000	Non-cash expense	
3	Clubhouse roof financing, net	(33,860)	(33,860)	(33,860)	(33,860)	(33,860)	(33,860)	(33,860)	(33,860)	Repay roof loan through FY24	
4	Change in Cash & Investments	6,231	34,905	100,370	(22,320)	32,140	(31,110)	33,690	(228,665)	Net cash flow	
5	Total Cash & Investments - Beginning	440,799	371,006	447,030	547,400	525,080	557,220	526,110	526,110	559,800	
6	Total Cash & Investments - Ending	447,030	466,382	547,400	525,080	557,220	526,110	559,800	331,135		
Allocation of Ending Cash & Investments											
7	Operating Reserves	25%	25%	25%	25%	25%	25%	25%	25%	25%	Operating Reserve %
		318,000	321,000	314,000	324,000	332,000	340,000	333,000	331,135	Target = 25% of Operating Expenses	
8	Cash Over/(Under) Op Reserves & Capital	129,030	145,382	233,400	201,080	225,220	186,110	226,800	0	After reserves & scheduled capital	
9	Total Cash & Investments - Ending	447,030	466,382	547,400	525,080	557,220	526,110	559,800	331,135		

Village of Bloomingdale

Listing of CIP by Department by Category

Project #	Department	Category	# of Projects	Prior Yrs	FY19	FY20	FY21	FY22	FY23	Total	
				Actual	Budget	Projected	Projected	Projected	Projected		
Department Golf Course											
Category Vehicle - Replacement											
218		2007 Ford F-250 Pick-up Truck		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Vehicle - Replacement				1	\$0	\$0	\$0	\$0	\$0	\$0	
Category Equipment - Replacement											
467		HVAC System - Replace Heat Exchangers		\$26,770	\$46,600	\$0	\$0	\$0	\$0	\$73,370	
251		Hybrid Diesel Mower - two (2)		\$0	\$0	\$32,000	\$0	\$0	\$0	\$32,000	
245		Fairway Mower - two (2)		\$0	\$0	\$0	\$50,000	\$0	\$0	\$50,000	
216		Veranda and Grill Room Furniture		\$0	\$0	\$0	\$20,000	\$0	\$0	\$20,000	
213		Multi-Pro Turf Sprayer		\$0	\$0	\$0	\$0	\$23,805	\$0	\$23,805	
214		GPS Irrigation System Computer		\$0	\$0	\$0	\$0	\$8,855	\$0	\$8,855	
327		Sandtrap Rake Utility Vehicle		\$0	\$0	\$0	\$0	\$0	\$21,055	\$21,055	
211		Pond Aerator		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
212		Landall All Flex Mower		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
207		Fieldworks Topdresser		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
436		Practice Range Equipment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
204		Bernard Bedknife Grinder		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
246		Lake Street Monument Identification Sign		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
209		New Holland Skid Steer Loader		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
256		JD Turf Gator Utility Carts - four (4)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
202		Ford Tractor		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
330		Ryan Aerator		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
335		JD Turf Gator Utility Carts - three (3)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
347		Wireless Microphone and Audio System		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
346		Intermediate Mower		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
342		Cushman Utility Cart		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
203		Bernard Dualspin Grinder		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
345		Greensair Aerifier		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
344		Jacobsen Lawnmower (2)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
337		JD Gator Utility Cart		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
242		New Holland Front End Loaders with Implement		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Equipment - Replacement				26	\$26,770	\$46,600	\$32,000	\$70,000	\$32,660	\$21,055	\$229,085

Village of Bloomingdale

Listing of CIP by Department by Category

Project #	Department	Golf Course	# of Projects	Prior Yrs	FY19	FY20	FY21	FY22	FY23	Total	
				Actual	Budget	Projected	Projected	Projected	Projected		
Equipment - New											
219	Chemical Recycling System			\$0	\$0	\$0	\$0	\$0	\$20,000	\$20,000	
Total Equipment - New				\$0	\$0	\$0	\$0	\$0	\$20,000	\$20,000	
Golf Course											
481	Golf Course Mtc Bldg Roof Replacement			\$0	\$40,000	\$0	\$0	\$0	\$0	\$40,000	
506	Maintenance Building Heating units			\$0	\$25,000	\$0	\$0	\$0	\$0	\$25,000	
507	Irrigation Pump Shaft			\$0	\$15,000	\$0	\$0	\$0	\$0	\$15,000	
263	Various, Miscellaneous, As-Needed GC Projects			\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000	
487	Sealcoat Golf Course Driveways and Parking Areas			\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	
217	Various Course Improvements			\$0	\$0	\$10,000	\$10,000	\$10,000	\$10,000	\$40,000	
508	Club House Exterior Painting			\$0	\$0	\$0	\$40,000	\$0	\$0	\$40,000	
480	Golf Course Bridgework Repair			\$0	\$0	\$0	\$0	\$0	\$250,000	\$250,000	
222	Bunker & Pond Improvements			\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Golf Course				\$0	\$85,000	\$35,000	\$55,000	\$15,000	\$265,000	\$455,000	
Total Golf Course				37	\$26,770	\$131,600	\$67,000	\$125,000	\$47,660	\$306,055	\$704,085