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## Village of Bloomingdale

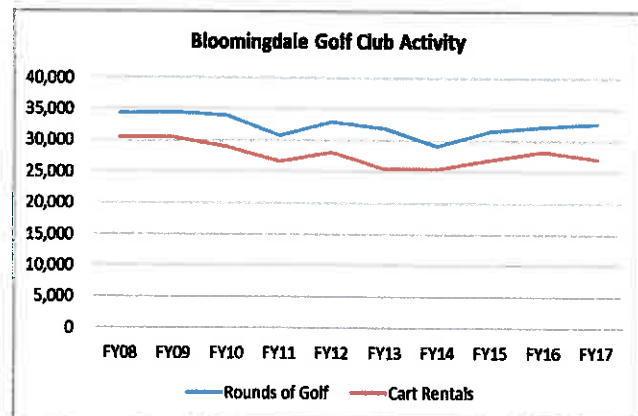
**Finance Department**  
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Bloomingdale, IL 60108  
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### MEMORANDUM

**Date:** January 3, 2017  
**To:** Pietro Scalera, Village Administrator  
**From:** Gary L. Szott, Finance Director/Treasurer *GS*  
**Subject:** Golf Course Fund Preliminary FY18 Budget and 5-Year Forecast

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

**Analysis:** The graph on the following page illustrates the Fund's recent annual and prospective financial performance, compared to the objective, for the ten-year timeframe of FY13 through FY22. For the most recently completed, or to be completed, five fiscal year period (FY13 through FY17), the Fund's average annual net loss, before depreciation, has been, or will be, \$316, which is \$100,316 or 100% less than the objective. FY15 is serving as a "drag" on the five year averages due to its operating loss which was primarily caused by adjustments made to the golf course management contract and the timing of certain expenses. The preliminary FY18 Budget projects an operating income of \$94,665, before depreciation and over the next five fiscal year period (FY18 through FY22), the Fund is projected to achieve an average annual net income, before depreciation, of \$79,573, which is \$20,427 or 20% less than the objective.



FY16 and FY17 have, or are projected to have, generated positive cash flow from operations, before depreciation. FY18 through FY22 are projected to also generate positive cash flow. Recently, achieving the fiscal policy objective has been problematic due to the economy and a decline in the popularity of golf. However, as the economy has

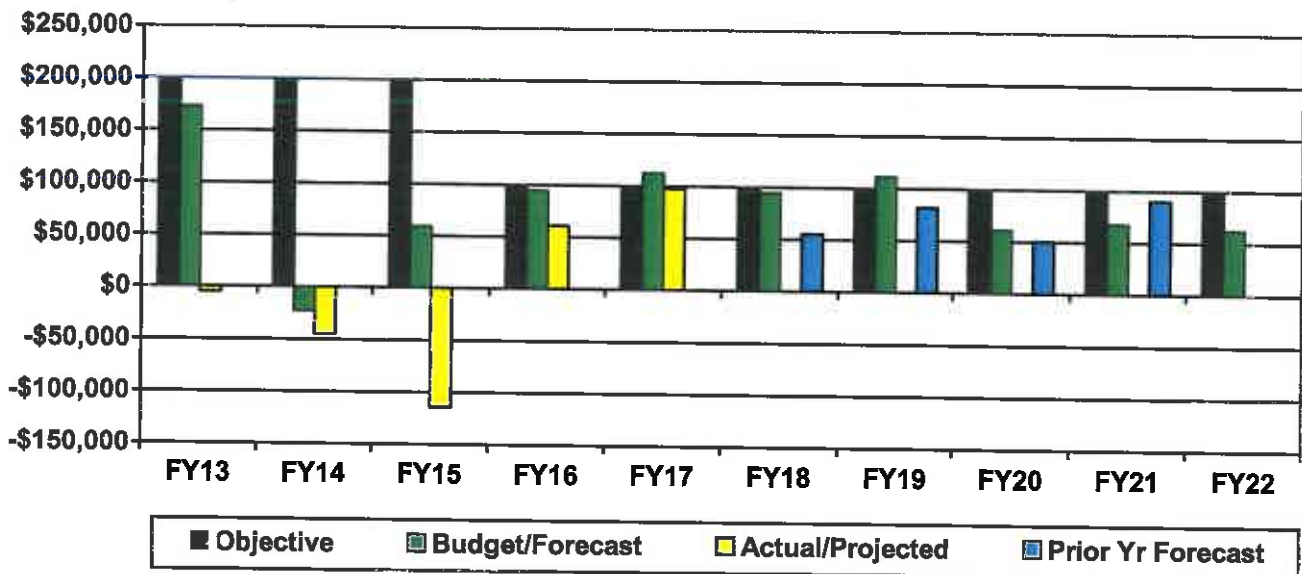
January 3, 2017

Pietro Scalera, Village Administrator

### Golf Course Fund Preliminary FY18 Budget and 5-Year Forecast

stabilized and the golf industry adjusts to customer preferences, "rounds of golf" have been increasing and FY16 and FY17 are projected to exceed the recent five year average. Cart rentals, after two consecutive years of increases, are projected to decline in FY17 yet still exceed the recent five year average.

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



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

1. **Greens fees** increase \$1 per "round" for the "Spring/Fall" rates and \$2 per "round" for the "5:30 Special" rate category for the 2017 golf season, the number of "rounds" of golf played attains the 5-year historical average of 31,522, and the average greens fee per round attains the 5-year historical average of \$25.87.
2. **Golf cart rental fees** do not change from their current levels, the number of cart rentals attains the 5-year historical average of 26,905, and the average cart rental fee per round attains the 5-year historical average of \$14.55.
3. **Operating expenses** increase 1.63% annually through FY22. The 1.63% reflects the average annual increase for the past five years (FY13 through FY17).

January 3, 2017

Pietro Scalera, Village Administrator

**Golf Course Fund Preliminary FY18 Budget and 5-Year Forecast**

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 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 FY22. In the prior year's Forecast, it was projected that operating reserves would not achieve the target beginning in FY18. The projection has improved due to improving results from operations and revising the timing of several capital outlays. These changes are also stabilizing "excess" cash balances through FY22 as compared to the prior year's Forecast which projected depleting these balances in FY18. While improvement in operations, operating reserves and "excess" cash is occurring, any major or significant needs such as building maintenance or future golf cart replacements may need to contemplate debt financing or other financing support.

**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**

	[A] (audited) FYE 4/30/2016	[B] (budget) FYE 4/30/2017	[C] (EOY) FYE	[E] (budget) FYE 4/30/2018	[F] (forecast) FYE 4/30/2019	[G] (forecast) FYE 4/30/2020	[H] (forecast) FYE 4/30/2021	[I] (forecast) FYE 4/30/2022	SOURCE, COMMENTS or ASSUMPTION	
<b>OPERATING REVENUES</b>										
1	Greens Fees	810,445	799,000	785,125	794,400	791,000	796,000	796,000	793,000	5 yr ave rate/round * ave # of rounds
2	Cart Rental Fees	392,312	389,000	391,020	388,000	403,000	403,000	403,000	398,000	5 yr ave rate/round * ave # of rentals
3	Golf Club Rental Fees	3,040	3,000	2,760	2,900	2,900	2,900	2,900	2,900	5 yr average
4	CDGA Fees	295	500	225	400	400	400	400	400	5 yr average
5	Practice Range Fees	30,480	30,800	29,095	30,600	30,800	30,800	30,800	30,800	5 yr average
6	Incentive Card Fees	1,795	1,600	1,675	1,600	2,000	2,000	2,000	2,000	5 yr average
7	Facility Rental Fees	124,882	128,365	129,365	134,180	139,200	144,400	149,900	155,600	Pro Shop and Banquet facilities
8	Contract Reimbursements	30,491	28,665	25,300	26,400	27,700	27,700	27,700	27,700	5 yr average
9	TL Operating Revenues	1,394,240	1,380,930	1,364,565	1,378,480	1,397,000	1,407,200	1,412,700	1,410,400	
<b>OPERATING EXPENSES</b>										
10	Purchased Services	1,003,758	980,165	976,355	986,345	1,002,400	1,018,700	1,035,300	1,052,200	5 yr average = 1.63%
11	Training & Education	2,425	3,045	1,800	2,115	2,100	2,100	2,100	2,100	5 yr average = 1.63%
12	Maintenance	106,615	70,900	84,620	90,150	73,300	114,500	94,000	77,200	5 yr average = 1.63%
13	Commodities	170,368	174,355	164,005	165,205	167,900	170,600	173,400	176,200	5 yr average = 1.63%
14	Other Charges	50,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	
15	TL Operating Expenses	1,333,175	1,268,465	1,266,780	1,283,815	1,285,700	1,345,900	1,344,800	1,347,700	
<b>OPERATING INCOME</b>										
16	BEFORE DEPRECIATION	61,065	112,465	97,785	94,665	111,300	61,300	67,900	62,700	
17	Depreciation	232,411	0	233,000	232,000	232,000	232,000	232,000	232,000	Non-cash expense
<b>OPERATING INCOME/(LOSS)</b>										
18	AFTER DEPRECIATION	(171,346)	112,465	(135,215)	(137,335)	(120,700)	(170,700)	(164,100)	(169,300)	
<b>NON-OPERATING REVENUE/(EXPENSE)</b>										
19	Interest Income	4,240	5,000	2,725	3,500	3,400	3,700	3,800	3,700	5 yr ave = .64%; .75% FY18-FY22
20	Sale/Disposal of Assets	75,800	250	0	0	250	250	250	250	Various equipment disposals/sales
21	Other Income/(Expense)	18,555	3,750	12,670	4,855	10,500	10,500	10,500	10,500	5 Yr ave - Misc & IRMA surplus
22	TL Non-Operating Rev/(Exp)	98,595	9,000	15,395	8,355	14,150	14,450	14,550	14,450	
<b>NET INCOME/(LOSS) BEFORE</b>										
23	TRANSFERS & CAPITAL OUTLAY	(72,751)	121,465	(119,820)	(128,980)	(106,550)	(156,250)	(149,550)	(154,850)	
24	Capital Outlay -									
25	Equipment	397,330	64,000	30,900	0	20,000	36,910	51,805	0	See Listing of CIP Projects
26	Buildings Improvements	0	0	26,770	26,770	17,850	0	0	0	See Listing of CIP Projects
27	Grounds Improvements	0	32,500	0	7,500	7,500	7,500	7,500	7,500	See Listing of CIP Projects
28	Vehicles	0	0	0	0	0	0	20,345	0	See Listing of CIP Projects
29	Total Capital Outlay	397,330	96,500	57,670	34,270	45,350	44,410	79,650	7,500	
<b>NET CHANGE from OPERATIONS,</b>										
30	CAPITAL OUTLAY & TRANSFERS	(470,131)	24,965	(177,490)	(163,250)	(151,900)	(200,660)	(229,200)	(162,350)	

FISCAL POLICY  
 OBJECTIVE  
 \$100,000

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

[A] (audited) FYE 4/30/2016	[B] (budget) FYE 4/30/2017	[C] (EOY) FYE	[E] (budget) FYE 4/30/2018	[F] (forecast) FYE 4/30/2019	[G] (forecast) FYE 4/30/2020	[H] (forecast) FYE 4/30/2021	[I] (forecast) FYE 4/30/2022	SOURCE, COMMENTS or ASSUMPTION
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**SUMMARY OF CASH POSITION -**

Net Change from Operations, Capital																	
1	Outlay & Transfers	(470,131)	24,965	(177,490)	(163,250)	(151,900)	(200,660)	(229,200)	(162,350)	Annual Net Change - row 30							
2	Add: Depreciation Expense	232,411	0	233,000	232,000	232,000	232,000	232,000	232,000	Non-cash expense							
3	Clubhouse roof financing, net	(16,929)	(33,860)	(33,860)	(33,860)	(33,860)	(33,860)	(33,860)	(33,860)	Repay roof loan through FY24							
4	Change in Cash & Investments	(254,649)	(8,895)	21,650	34,890	46,240	(2,520)	(31,060)	35,790	Net cash flow							
5	<b>Total Cash &amp; Investments - Beginning</b>	<b>666,321</b>	<b>371,006</b>	<b>409,842</b>	<b>431,492</b>	<b>466,382</b>	<b>512,622</b>	<b>510,102</b>	<b>479,042</b>								
6	<b>Total Cash &amp; Investments - Ending</b>	<b>409,842</b>	<b>362,111</b>	<b>431,492</b>	<b>466,382</b>	<b>512,622</b>	<b>510,102</b>	<b>479,042</b>	<b>514,832</b>								
<b>Allocation of Ending Cash &amp; Investments</b>									25%	25%	25%	25%	25%	25%	25%	25%	Operating Reserve %
7	Operating Reserves	333,000	317,000	317,000	321,000	321,000	336,000	336,000	337,000	Target = 25% of Operating Expenses							
8	Cash Over/(Under) Op Reserves & Capital	76,842	45,111	114,492	145,382	191,622	174,102	143,042	177,832	After reserves & scheduled capital							
9	<b>Total Cash &amp; Investments - Ending</b>	<b>409,842</b>	<b>362,111</b>	<b>431,492</b>	<b>466,382</b>	<b>512,622</b>	<b>510,102</b>	<b>479,042</b>	<b>514,832</b>								

**Village of Bloomingdale  
Listing of CIP Projects - Golf Course  
FY18 - FY22**

Project #	Project Title	# of Projects	FY18 Budget	FY19 Budget	FY20 Budget	FY21 Budget	FY22 Budget	Total
263	Various, Miscellaneous, As-Needed GC Projects		\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$37,500
467	HVAC System - Replace Heat Exchangers		\$26,770	\$17,850	\$0	\$0	\$0	\$44,620
219	Chemical Recycling System		\$0	\$20,000	\$0	\$0	\$0	\$20,000
327	Sandtrap Rake Utility Vehicle		\$0	\$0	\$21,055	\$0	\$0	\$21,055
214	GPS Irrigation System Computer		\$0	\$0	\$8,855	\$0	\$0	\$8,855
207	Fieldworks Topdresser		\$0	\$0	\$7,000	\$0	\$0	\$7,000
218	2007 Ford F-250 Pick-up Truck		\$0	\$0	\$0	\$20,345	\$0	\$20,345
213	Multi-Pro Turf Sprayer		\$0	\$0	\$0	\$23,805	\$0	\$23,805
216	Veranda and Grill Room Furniture		\$0	\$0	\$0	\$20,000	\$0	\$20,000
345	Greensair Lawnmower		\$0	\$0	\$0	\$8,000	\$0	\$8,000
211	Pond Aerator		\$0	\$0	\$0	\$0	\$0	\$0
335	JD Turf Gator Utility Carts - three (3)		\$0	\$0	\$0	\$0	\$0	\$0
209	New Holland Skid Steer Loader		\$0	\$0	\$0	\$0	\$0	\$0
204	Bern Bedknife Grinder		\$0	\$0	\$0	\$0	\$0	\$0
215	Golf Carts		\$0	\$0	\$0	\$0	\$0	\$0
220	Walking Greens Mowers - seven (7)		\$0	\$0	\$0	\$0	\$0	\$0
202	Ford Tractor		\$0	\$0	\$0	\$0	\$0	\$0
212	Landall All Flex Mower		\$0	\$0	\$0	\$0	\$0	\$0
246	Lake Street Monument Identification Sign		\$0	\$0	\$0	\$0	\$0	\$0
347	Wireless Microphone and Audio System		\$0	\$0	\$0	\$0	\$0	\$0
344	Jacobsen Lawnmower		\$0	\$0	\$0	\$0	\$0	\$0
342	Cushman Utility Cart		\$0	\$0	\$0	\$0	\$0	\$0
278	Lightning Warning System		\$0	\$0	\$0	\$0	\$0	\$0
203	Bern Dualspin Grinder		\$0	\$0	\$0	\$0	\$0	\$0
251	Hybrid Diesel Mower - two (2)		\$0	\$0	\$0	\$0	\$0	\$0
436	Practice Range Equipment		\$0	\$0	\$0	\$0	\$0	\$0
245	Fairway Mower - two (2)		\$0	\$0	\$0	\$0	\$0	\$0
242	New Holland Front End Loaders with Implement		\$0	\$0	\$0	\$0	\$0	\$0
337	JD Gator Utility Cart		\$0	\$0	\$0	\$0	\$0	\$0
330	Ryan Aerator		\$0	\$0	\$0	\$0	\$0	\$0
256	JD Turf Gator Utility Carts - four (4)		\$0	\$0	\$0	\$0	\$0	\$0
346	Intermediate Mower		\$0	\$0	\$0	\$0	\$0	\$0
222	Bunker & Pond Improvements		\$0	\$0	\$0	\$0	\$0	\$0
217	Various Course Improvements		\$0	\$0	\$0	\$0	\$0	\$0
221	Club House Roof Replacement		\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Projects</b>		<b>35</b>	<b>\$34,270</b>	<b>\$45,350</b>	<b>\$44,410</b>	<b>\$79,650</b>	<b>\$7,500</b>	<b>\$211,180</b>