



Legislation Text

File #: 57618, **Version:** 1

This resolution authorizes a long-term advance from the General Fund to the Golf Enterprise Fund (Golf) to provide sufficient cash to meet on-going expenses and obligations. At the end of 2018, Golf had a cash deficit of \$813,340, that required an advance from the General Fund to be noted in the 2018 financial statements. Given the on-going financial weakness of Golf, this advance could not be repaid within one-year and was designated as a long-term advance, with that amount reserved as non-spendable in the General Fund balance, thereby reducing the unassigned fund balance in the General Fund by \$813,340. It is anticipated that expenditures will again exceed revenues in Golf in 2019, necessitating another advance from the General Fund. As such, this resolution authorizes additional cash advances in anticipation of developing and implementing a long-term plan to return Golf to financial solvency and establishes a repayment schedule. Interest will be charged on the outstanding principal of this advance at the rate of investment earnings in the city's cash pool plus 0.25%.

Authorizing a long-term advance from the General Fund to the Golf Enterprise Fund to provide sufficient cash to meet ongoing expenses and obligations.

The Golf Enterprise Fund has been in a cyclical negative cash position for over a decade due to on-going structural deficits between revenues and expenditures. Significant revenue losses in fiscal year 2018 due to flooding exacerbated those structural and systemic deficits. As of December 31, 2018, the Golf Enterprise Fund was in a negative cash position that totaled \$813,340. The Golf Enterprise Fund anticipates an additional cash shortage of approximately \$500,000 by the close of 2019, which would increase the projected cash deficit upwards to approximately \$1,300,000 at year-end.

The Golf Enterprise Fund seeks a long-term advance not to exceed \$1,500,000 from the General Fund to finance its cash deficit position through the end of 2019. This long-term advance will be repaid by the Golf Enterprise Fund over the next 4 years from operations. The goal of the long-term advance is to provide sufficient time to determine the future of golf course operations, and how to best address the structural deficits within the enterprise fund.

NOW, THEREFORE, BE IT RESOLVED that the Finance Director is authorized to advance up to \$1,500,000 from the General Fund to the Golf Enterprise Fund. Starting January of 2019, The Golf Enterprise Fund will incur monthly interest expenses equal to the City's investment earnings plus 0.25% on the outstanding principal portion of the advance.

BE IT FURTHER RESOLVED that the Golf Enterprise Fund will repay the long-term advance over the next four years at year-end based upon the following principal repayment schedule:

2020 - \$50,000
2021 - \$100,000
2022 - \$150,000
2023 - \$1,200,000