

in golf course operations as other courses throughout the nation, the City is committed to the continued operation of a municipal golf course system. Cash transfers were approved from the General Fund in the amount of \$185,000 and \$120,000 in FY 2003 and FY 2004 respectively. In addition, the interfund debt forgiveness will result in additional capital contributions to the Golf Courses Fund. While these transfers and the proposed forgiveness of interfund debts do not meet the bond covenant definition of revenue, they do provide evidence of the City commitment to the golf courses. Staff continues to explore long term solutions to the financial health of the municipal golf courses fund.

BACKGROUND

Currently the Golf Courses Fund has three interfund loans outstanding. The loans are:

- ◆ An interfund loan from the Park Land Trust, approved by Resolution No. 9125 on December 19, 2000 for \$400,000 for the completion of the irrigation system at Eagle Falls Golf Course. The balance of the loan on July 1, 2004 was \$248,288.70.
- ◆ An interfund loan of \$50,000 from the Insurance and Safety Fund, approved by the City Commission on November 6, 2001 for a maintenance shop including restrooms and lunch room at Anaconda Hills. The balance of the loan on July 1, 2004 was \$50,000.
- ◆ An interfund loan of \$20,000 from the Insurance and Safety Fund, approved by the City Commission on November 6, 2001 for a lunchroom and restrooms at Eagle Falls. The balance of the loan on July 1, 2004 was \$20,000.

The loans from the Insurance and Safety Fund were needed because in February 2001, the State of Montana Occupational Safety and Health Bureau informed the City that certain health and safety violations were found at the existing maintenance facilities at both golf courses. Interim steps were taken to address specific health issues and planning was undertaken to address facilities that would result in a permanent solution.

At the time of all three of these interfund loans it was believed that Golf Courses Fund was experiencing a short-term cash flow problem. Financial analysis shows that the Golf Courses Fund will NOT be able to meet operating costs, pay debt, and maintain bond coverage ratios any time in the near future with this additional debt.