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# GNAGY & JENSEN, INC.

DILLON J. GNAGY, C.P.A. (1924-2002)

LAWRENCE H. JENSEN, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

December 7, 2011  
Fresno, California

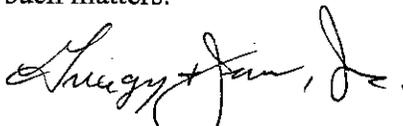
To the Board of Directors  
City of Lemoore / Rhoads Golf, LLC  
dba Lemoore Municipal Golf Course  
Lemoore, California

We have compiled the accompanying balance sheet (page 1) of City of Lemoore / Rhoads Golf, LLC dba, Lemoore Municipal Golf Course as of October 31, 2011 and (pages 2-9) the statements of income and schedules related thereto for the one month and year-to-date (four months) then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether these financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.



GNAGY & JENSEN, INC.

**City of Lemoore/Rhoads Golf LLC  
dba Lemoore Municipal Golf Course  
BALANCE SHEET  
October 31, 2011**

**Total Liabilities** **602,167.23**

**Equity**

Beginning Equity	121,987.30
Less: Distributions	(1,725,000.00)
Subdivision irrig assessments	53,642.00
#14 Lake Improv. Contribution	149,397.00
Retained Earning	1,673,250.08
Net Income	62,423.25

**Total Equity** **335,699.63**

**Total Liabilities & Equity** **\$ 937,866.86**

City of Lemoore/Rhoads Golf LLC  
 dba Lemoore Municipal Golf Course  
**GOLF OPERATIONS INCOME**  
 Supporting Schedule to the Summary Statement of Income  
 For the Four Months Ending October 31, 2011

This Month	Budget	Curr Mo Variance		YTD Actual	YTD Budget	YTD Prior Year
<b>Weekday Green Fees</b>						
3,200.00	46,870.00	(43,670.00)	Green fees- Weekday 9 holes	17,650.00	181,640.00	8,172.00
7,623.00	0.00	7,623.00	Green fees-Weekday 18	26,904.00	0.00	18,135.00
1,008.00	0.00	1,008.00	Green fees-Weekday tourny	9,060.00	0.00	13,374.00
2,218.00	0.00	2,218.00	Green fees-Military \$11	8,626.00	0.00	4,207.00
0.00	0.00	0.00	Green fees-Intramural/Mil \$5	0.00	0.00	0.00
1,200.00	0.00	1,200.00	Green Fees-Resident	4,170.00	0.00	2,565.00
735.00	0.00	735.00	Green fees-West Hill Coll	2,057.00	0.00	2,554.50
92.00	0.00	92.00	Green fees- JR promo rate	1,799.00	0.00	3,383.00
2,345.00	0.00	2,345.00	Green fees- SR promo rate	10,285.00	0.00	9,795.00
2,843.00	0.00	2,843.00	Green Fees-Weekday Special 18	18,622.00	0.00	39,045.00
<b>21,264.00</b>	<b>46,870.00</b>	<b>(25,606.00)</b>	<b>Total Weekday</b>	<b>99,173.00</b>	<b>181,640.00</b>	<b>101,230.50</b>
<b>Weekend Green Fees</b>						
2,034.00	0.00	2,034.00	Green fees-Weekend 9	10,044.00	0.00	1,510.00
10,311.00	0.00	10,311.00	Green fees-Weekend 18	40,848.00	0.00	29,179.00
5,720.00	0.00	5,720.00	Green fees-Weekend tourny	15,737.00	0.00	20,952.00
106.00	0.00	106.00	Green fees-Wkend JR promo rate	880.00	0.00	1,065.00
0.00	0.00	0.00	Green fees-SR Wkend-promo rate	0.00	0.00	0.00
0.00	0.00	0.00	Surcharge-Weekend\Mo Tick Fee	0.00	0.00	18.00
2,672.00	0.00	2,672.00	Green fees Weekend Special 18	4,409.00	0.00	15,441.00
<b>20,843.00</b>	<b>0.00</b>	<b>20,843.00</b>	<b>Total Weekend</b>	<b>71,918.00</b>	<b>0.00</b>	<b>68,165.00</b>
<b>Monthly Ticket Fees</b>						
7,380.00	11,130.00	(3,750.00)	Monthly fees-Single \$95	28,360.00	49,390.00	29,320.01
1,720.00	0.00	1,720.00	Monthly fees-Family \$125	9,760.00	0.00	12,680.00
0.00	0.00	0.00	Monthly fees-Family (3)	0.00	0.00	0.00
1,895.00	0.00	1,895.00	Monthly fees-Senior \$57	7,945.00	0.00	7,260.00
0.00	0.00	0.00	Monthly fees-JR & SR \$15 promo	0.00	0.00	0.00
0.00	0.00	0.00	Monthly Fees - Military	100.00	0.00	0.00
<b>10,995.00</b>	<b>11,130.00</b>	<b>(135.00)</b>	<b>Total Monthly</b>	<b>46,165.00</b>	<b>49,390.00</b>	<b>49,260.01</b>
<b>53,102.00</b>	<b>58,000.00</b>	<b>(4,898.00)</b>	<b>Total Green Fees</b>	<b>217,256.00</b>	<b>231,030.00</b>	<b>218,655.51</b>
<b>Cart Fees</b>						
0.00	0.00	0.00	GPS Income	0.00	0.00	0.00
27,500.00	26,845.00	655.00	Income - Carts 18 holes	113,749.00	115,822.00	125,245.00
0.00	0.00	0.00	Income-Monthly cart fees	0.00	0.00	0.00
0.00	0.00	0.00	Income-cart rider 9	0.00	0.00	0.00
0.00	0.00	0.00	Income-cart rider 18	0.00	0.00	0.00
<b>27,500.00</b>	<b>26,845.00</b>	<b>655.00</b>	<b>Total Cart Fees</b>	<b>113,749.00</b>	<b>115,822.00</b>	<b>125,245.00</b>
<b>Other Golf Income</b>						
13.99	0.00	13.99	Income- Club Repair	13.99	0.00	152.43
470.00	0.00	470.00	Income-Rent sets	1,510.00	0.00	970.00
80.00	0.00	80.00	Income-Pull carts	342.00	0.00	386.00
4,569.00	6,328.00	(1,759.00)	Income- Range balls	19,858.00	27,302.00	23,900.00
0.00	0.00	0.00	Income-Promotional	0.00	0.00	0.00
0.00	0.00	0.00	Income-Lessons	0.00	0.00	0.00
0.00	0.00	0.00	Income-cart rider 9	0.00	0.00	0.00
0.00	0.00	0.00	Income-cart rider 18	0.00	0.00	0.00
<b>5,132.99</b>	<b>6,328.00</b>	<b>(1,195.01)</b>	<b>Total Other Golf</b>	<b>21,723.99</b>	<b>27,302.00</b>	<b>25,408.43</b>
<b>85,734.99</b>	<b>\$ 91,173.00</b>	<b>(5,438.01)</b>	<b>Total Golf Operations</b>	<b>352,728.99</b>	<b>374,154.00</b>	<b>369,308.94</b>

Unaudited - See attached accountants' compilation report.

**City of Lemoore/Rhoads Golf LLC**  
**dba Lemoore Municipal Golf Course**  
**FOOD & BEVERAGE OPERATIONS**  
**Supporting Schedule to the Summary Statement of Income**  
**For the Four Months Ending October 31, 2011**

This Month	Budget	Curr Mo Variance		YTD Actual	YTD Budget	YTD Prior Year
<b>REVENUES</b>						
6,932.90	19,942.00	(13,009.10)	Income-Food	23,952.99	86,039.00	26,130.72
6,519.70	0.00	6,519.70	Income-Beer	24,369.44	0.00	24,281.93
4,805.49	0.00	4,805.49	Income-Beverage	23,874.25	0.00	26,264.08
483.63	0.00	483.63	Income-Tobacco	2,282.15	0.00	2,032.24
1,589.57	0.00	1,589.57	Income-Candy & Chips	6,325.48	0.00	6,546.65
<b>20,331.29</b>	<b>19,942.00</b>	<b>389.29</b>	<b>Total Food &amp; Beverage Revenues</b>	<b>80,804.31</b>	<b>86,039.00</b>	<b>85,255.62</b>
<b>COST OF SALES</b>						
1,665.68	0.00	1,665.68	COS- Other	4,168.41	0.00	3,950.15
3,248.79	8,376.00	(5,127.21)	COS- Food	15,076.72	36,137.00	16,930.60
4,215.61	0.00	4,215.61	COS- Beverage & beer	18,376.15	0.00	18,383.55
<b>9,130.08</b>	<b>8,376.00</b>	<b>754.08</b>	<b>Total Food &amp; Bev Cost of Sales</b>	<b>37,621.28</b>	<b>36,137.00</b>	<b>39,264.30</b>
<b>11,201.21</b>	<b>11,566.00</b>	<b>(364.79)</b>	<b>Gross Margin on Food &amp; Beverage</b>	<b>43,183.03</b>	<b>49,902.00</b>	<b>45,991.32</b>
<b>EXPENSES</b>						
<b>Food &amp; Beverage Payroll Expense</b>						
3,263.32	2,700.00	563.32	Kitchen	14,046.36	12,100.00	10,652.66
118.38	270.00	(151.62)	Payroll taxes	864.47	1,210.00	1,315.39
193.10	270.00	(76.90)	Workers' comp. insurance	656.97	1,210.00	575.82
<b>3,574.80</b>	<b>3,240.00</b>	<b>334.80</b>	<b>Total Food &amp; Beverage Payroll Exp</b>	<b>15,567.80</b>	<b>14,520.00</b>	<b>12,543.87</b>
<b>Other Food &amp; Beverage Expenses</b>						
148.69	0.00	148.69	Kitchen Supplies	864.69	0.00	1,352.77
0.00	320.00	(320.00)	Paper supplies	0.00	1,320.00	0.00
500.00	250.00	250.00	Beverage supplies	1,629.36	1,400.00	1,255.85
0.00	0.00	0.00	Equipment repairs	0.00	0.00	220.00
0.00	0.00	0.00	Auto mileage	0.00	100.00	0.00
41.55	0.00	41.55	Cash over & short-food	(33.91)	0.00	(324.25)
0.00	0.00	0.00	Liquor fees & permits	0.00	0.00	550.00
<b>690.24</b>	<b>570.00</b>	<b>120.24</b>	<b>Total Food &amp; Beverage Other Exp</b>	<b>2,460.14</b>	<b>2,820.00</b>	<b>3,054.37</b>
<b>4,265.04</b>	<b>3,810.00</b>	<b>455.04</b>	<b>Total Food &amp; Beverage Expenses</b>	<b>18,027.94</b>	<b>17,340.00</b>	<b>15,598.24</b>
<b>\$ 6,936.17</b>	<b>\$ 7,756.00</b>	<b>(819.83)</b>	<b>Net Food &amp; Beverage Income (loss)</b>	<b>\$ 25,155.09</b>	<b>\$ 32,562.00</b>	<b>\$ 30,393.08</b>
55.09	58.00	55.09	Gross Margin as % of Food & Bev Sal	53.44	58.00	53.95
34.12	38.89	34.12	Net Food & Bev as % of Food & Bev S	31.13	37.85	35.65

Unaudited - See attached accountants' compilation report.

City of Lemoore/Rhoads Golf LLC  
 dba Lemoore Municipal Golf Course  
**GOLF OPERATIONS EXPENSE**  
 Supporting Schedule to the Summary Statement of Income  
 For the Four Months Ending October 31, 2011

This Month	Budget	Curr Mo Variance		YTD Actual	YTD Budget	YTD Prior Year
<b>GOLF OPERATIONS PAYROLL EXPENSES</b>						
0.00	\$ 0.00	0.00	Golf Professional	0.00	0.00	0.00
3,748.62	3,800.00	(51.38)	Assistant professionals	13,982.57	15,650.00	14,909.96
1,125.63	2,000.00	(874.37)	Other payroll	6,075.27	8,600.00	9,633.28
0.00	0.00	0.00	Commissions	0.00	0.00	0.00
0.00	0.00	0.00	Lessons	0.00	0.00	0.00
0.00	0.00	0.00	Incentive Bonus	0.00	0.00	0.00
<u>4,874.25</u>	<u>5,800.00</u>	<u>(925.75)</u>	<b>Total Golf Oper. Salary and Wages</b>	<u>20,057.84</u>	<u>24,250.00</u>	<u>24,543.24</u>
640.89	580.00	60.89	Payroll taxes	2,490.83	2,425.00	4,481.32
288.41	580.00	(291.59)	Workers' comp. insurance	928.61	2,425.00	1,283.56
0.00	0.00	0.00	Health insurance	0.00	0.00	0.00
0.00	0.00	0.00	Employees life insurance	0.00	0.00	400.00
<u>5,803.55</u>	<u>6,960.00</u>	<u>(1,156.45)</u>	<b>Total Golf Oper. Payroll Expenses</b>	<u>23,477.28</u>	<u>29,100.00</u>	<u>30,708.12</u>
<b>OTHER GOLF OPERATIONS EXPENSES</b>						
0.00	0.00	0.00	Trade shows	0.00	0.00	0.00
0.00	0.00	0.00	Shop Supplies	64.86	30.00	731.02
0.00	0.00	0.00	Cards & pencils	0.00	0.00	0.00
0.00	0.00	0.00	Education	0.00	0.00	0.00
0.00	0.00	0.00	Entry fees & dues	0.00	0.00	0.00
0.00	0.00	0.00	Repairs & Maintenance	0.00	100.00	0.00
0.00	0.00	0.00	Reimbursed mileage	182.08	0.00	0.00
0.00	0.00	0.00	Club repair-Outside labor	0.00	0.00	0.00
0.00	100.00	(100.00)	Golf cart rental	41.83	200.00	16.21
0.00	0.00	0.00	Yamaha cart lease	0.00	0.00	0.00
0.00	0.00	0.00	Rental clubs	1,516.80	0.00	0.00
1,258.36	1,000.00	258.36	Cart Expense Electricity	4,999.54	4,500.00	5,562.82
0.00	0.00	0.00	GPS Expense	0.00	0.00	0.00
0.00	0.00	0.00	Golf cart rental	0.00	0.00	0.00
0.00	0.00	0.00	Golf Cart Repair	0.00	0.00	0.00
(136.16)	0.00	(136.16)	Cash over & short-golf op	(453.48)	0.00	(1,206.78)
0.00	0.00	0.00	Range balls	1,242.00	1,400.00	540.00
0.00	0.00	0.00	Range supplies	0.00	300.00	234.14
<u>1,122.20</u>	<u>1,100.00</u>	<u>22.20</u>	<b>Total Golf Oper. Other Expenses</b>	<u>7,593.63</u>	<u>6,530.00</u>	<u>5,877.41</u>
<u>6,925.75</u>	<u>\$ 8,060.00</u>	<u>(1,134.25)</u>	<b>Total Golf Operations Expenses</b>	<u>31,070.91</u>	<u>35,630.00</u>	<u>36,585.53</u>

Unaudited - See attached accountants' compilation report.

**City of Lemoore/Rhoads Golf LLC**  
**dba Lemoore Municipal Golf Course**  
**ADVERTISING & PROMOTION, FIXED EXPENSES, AND OTHER INCOME (EXPENSE)**  
**Supporting Schedule to the Summary Statement of Income**  
**For the Four Months Ending October 31, 2011**

This Month	Budget	Curr Mo Variance		YTD Actual	YTD Budget	YTD Prior Year
<b>ADVERTISING &amp; PROMOTION EXPENSES</b>						
878.12	\$ 1,800.00	(921.88)	Advertising-Newspapers	4,169.08	7,200.00	4,246.88
0.00	0.00	0.00	Advertising Radio	0.00	0.00	0.00
0.00	0.00	0.00	Advertising Television	0.00	0.00	53.10
0.00	0.00	0.00	Advertising-Direct mail	0.00	800.00	0.00
1,515.00	295.00	1,220.00	Advertising-Other	2,400.00	1,180.00	1,762.50
120.59	0.00	120.59	Advertising-Yellow pages	301.82	0.00	594.72
<b>2,513.71</b>	<b>\$ 2,095.00</b>	<b>418.71</b>	<b>Total Advertising &amp; Promotion Expens</b>	<b>6,870.90</b>	<b>9,180.00</b>	<b>6,657.20</b>

<b>FIXED EXPENSES</b>						
7,500.00	\$ 7,500.00	0.00	Management fees	30,000.00	30,000.00	30,000.00
1,265.00	1,400.00	(135.00)	General insurance	5,060.00	5,600.00	5,334.00
0.00	2,279.00	(2,279.00)	Lease purchase	0.00	9,116.00	0.00
2,484.70	2,500.00	(15.30)	Interest Expense City of Lemoo	10,313.47	10,000.00	10,021.53
0.00	0.00	0.00	Prior Year Int Exp Adjustment	0.00	0.00	0.00
74.91	250.00	(175.09)	Interest Expense-Other	357.65	1,000.00	1,147.64
0.00	0.00	0.00	Extraordinary Course Repairs	0.00	0.00	0.00
34.62	100.00	(65.38)	Personal property tax	689.17	1,200.00	306.64
2,279.83	500.00	1,779.83	PNC Equip Lease-(36 Easy-Go's)	9,119.32	2,000.00	9,119.32
1,830.11	1,847.00	(16.89)	Yamaha cart lease-(36 carts)	7,340.07	7,388.00	7,652.06
<b>15,469.17</b>	<b>\$ 16,376.00</b>	<b>(906.83)</b>	<b>Total Fixed Expenses</b>	<b>62,879.68</b>	<b>66,304.00</b>	<b>63,581.19</b>

<b>DEPRECIATION</b>						
9,589.00	\$ 10,500.00	(911.00)	Depreciation expense	38,688.00	42,000.00	39,451.00
<b>9,589.00</b>	<b>\$ 10,500.00</b>	<b>(911.00)</b>	<b>Total Depreciation Expense</b>	<b>38,688.00</b>	<b>42,000.00</b>	<b>39,451.00</b>

<b>OTHER INCOME (EXPENSES)</b>						
0.00	\$ 0.00	0.00	Interest income	0.00	0.00	12.45
4.86	0.00	4.86	Purchase discounts	172.99	0.00	983.34
0.00	0.00	0.00	Expired gift certificates	0.00	0.00	0.00
0.00	0.00	0.00	Workers' comp. idividend	0.00	0.00	0.00
0.00	0.00	0.00	Sales of assets-carts	(1,385.71)	0.00	1,400.00
197.64	0.00	197.64	Miscellaneous income	5,473.45	0.00	3,055.19
0.00	0.00	0.00	Capital expenditures	0.00	0.00	0.00
<b>202.50</b>	<b>\$ 0.00</b>	<b>202.50</b>	<b>Total Other Income &amp; Expense</b>	<b>4,260.73</b>	<b>0.00</b>	<b>5,450.98</b>

Unaudited - See attached accountants' compilation report.