



# *Three Rivers*

PARK DISTRICT

STATE OF MINNESOTA

## Comprehensive Annual Financial Report

*For the year ended December 31, 2018*



French Regional Park - Play Area



# **THREE RIVERS PARK DISTRICT**

**STATE OF MINNESOTA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2018**

**PREPARED BY:  
DEPARTMENT OF FINANCE**



# THREE RIVERS PARK DISTRICT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

### FOR THE YEAR ENDED

### DECEMBER 31, 2018

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2018**

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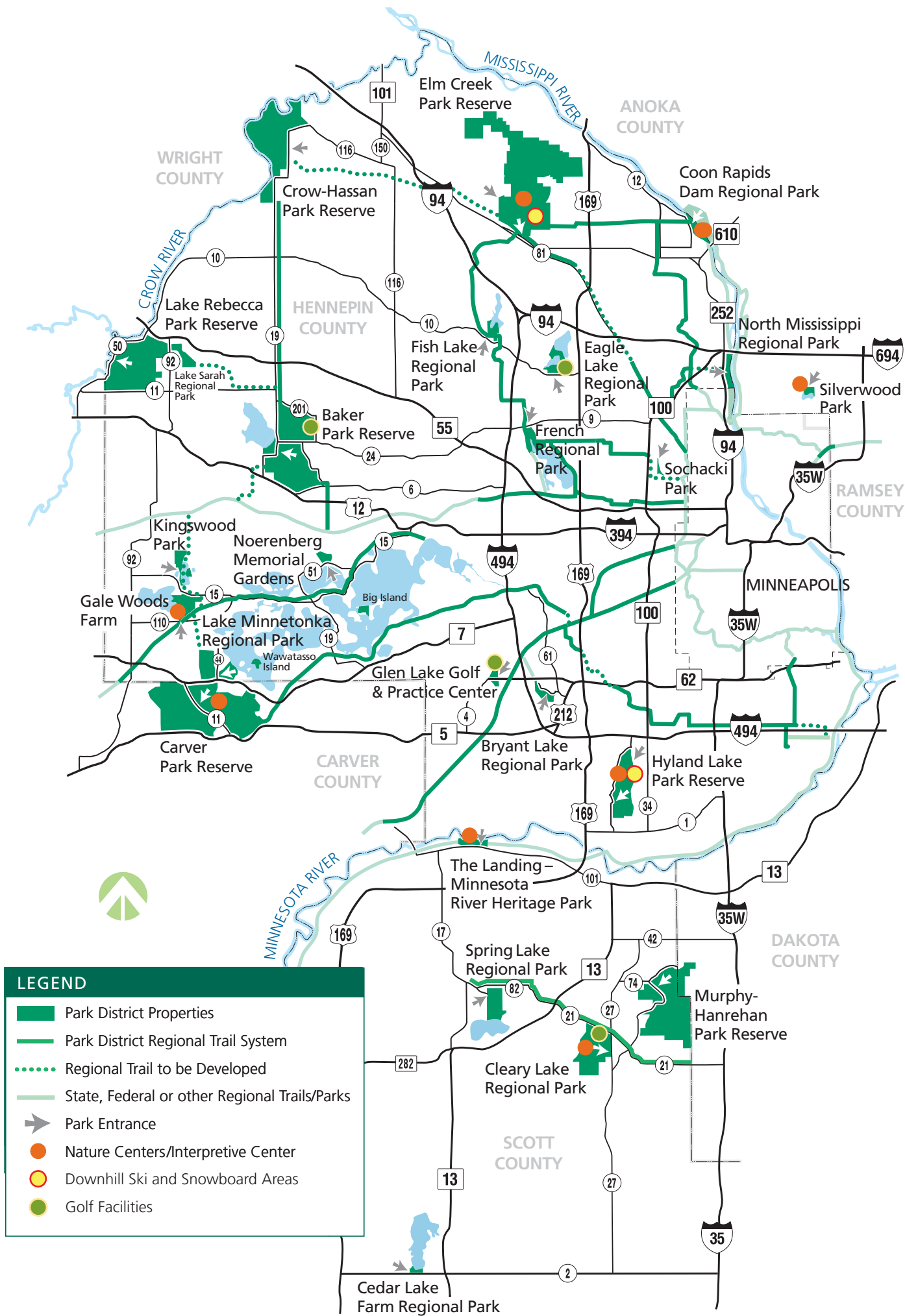
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# SECTION I

## INTRODUCTORY SECTION







Three Rivers  
Park District  
Board of  
Commissioners

May 10, 2019

Penny Steele  
District 1

The Honorable Members of the Three Rivers  
Park District Board of Commissioners

Jennifer DeJournett  
District 2

State law requires that every general-purpose local government publish within six months of the close of each year a complete set of audited financial statements. Therefore, we hereby issue the Comprehensive Annual Financial Report of the Three Rivers Park District, (hereafter referred to as the Park District) for the fiscal year ended December 31, 2018.

Daniel Freeman  
Vice Chair  
District 3

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

John Gunyou  
Chair  
District 4

Redpath and Company, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Park District's financial statements for the year ended December 31, 2018. The independent auditor's report is located at the front of the financial section of this report.

John Gibbs  
District 5

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Steve Antolak  
Appointed  
At Large

### **Profile of the Government**

Gene Kay  
Appointed  
At Large

The Park District was created in 1957 as a special purpose government entity responsible not for the establishment of parks and playgrounds of a local or neighborhood type, but rather for the acquisition, development and maintenance of large parks, wildlife sanctuaries, forest land and other reservations, and a means for public access to historic sites and to lakes, rivers and streams and other natural phenomena (Minnesota Statutes, Chapter 398). Over the last 60 years, the Park District has developed an outstanding system of over 27,000 acres in 10 regional parks, seven park reserves, 161 miles on 13 different regional trails, and six special recreation features.

Boe Carlson  
Superintendent

These facilities support a wide variety of activities ranging from golf and downhill skiing to bird watching and picnicking. Surveys indicate that The Park District is well known and well respected by visitors and non-visitors alike. The general public and visitors give very high ratings to Three Rivers for environmental stewardship, environmental education, recreation, maintenance and operations, and public safety services. The popularity and success of the Park District is exhibited by the District's more than 12 million annual visits.

The Park District has operated under several different names since its creation. The original name, Hennepin County Park Reserve District, was changed by the State Legislature in 1985 to the Suburban Hennepin Regional Park District. The Park District, looking for a more user friendly name, did business using the shortened name, Hennepin Parks, until 2003 when the operating name was changed to Three Rivers Park District, to better represent the area served by the Park District. In 2005, the State Legislature officially changed the Park District's name to Three Rivers Park District.

The Park District's jurisdiction includes Hennepin County, except for the City of Minneapolis. Parks in Scott County are operated through an agreement which establishes the Park District as a regional park authority for that county. In addition, facilities are owned and operated by the Park District in four adjacent counties: Dakota, Wright, Carver, and Ramsey. The Park District has the authority to levy property taxes and issue debt within statutorily prescribed limits. In addition, it has the power to enact and enforce ordinances on its property.

The Board of Commissioners is the Park District's governing body. The Board is comprised of seven (7) Commissioners: five (5) are elected by district and the Hennepin County Board of Commissioners appoints two (2) at large. The Park District is independent for financial reporting purposes; and the Park District's officials exercise oversight responsibility in the operation of the park system. This includes the provision of staff for maintenance and program purposes, system planning, land acquisition and development, and administrative services.

The annual budget serves as the foundation for the Park District's financial planning and control. All departments of the Park District submit requests for appropriation to the Superintendent in August of each year. The Superintendent uses these requests as the starting point for developing a proposed budget. The Superintendent then presents this proposed budget to the Board for review. The Board holds public hearings on the proposed budget and adopts the budget by late November. The adopted preliminary operating budget is submitted to Hennepin County for review as required by Minnesota Statute.

The Board considers any County recommendations in December and reaffirms the final budget by January 1, the beginning of the Park District's fiscal year.

The appropriated budget is prepared by fund, function, and department. The Superintendent may make transfers of appropriations within a fund. Transfers of appropriations between funds or increases to fund's total appropriation, however, require the approval of the Board. A budget-to-actual comparison is provided in this report for the general fund and the major special revenue funds as part of the basic financial statements for the governmental funds.

### **Local Economy, Important Events and Future Prospects**

The Park District is responsible for managing over 27,000 acres of parkland and hundreds of miles of trails within six counties. Management and development of the Park District's numerous sites requires the Park District to collaborate with more than 50 cities and numerous watershed districts. The Park District continues to have to balance the increased costs associated with ever increasing park usage, expanded services to residents in their local neighborhoods, the Park District's desire to provide high quality recreational and educational opportunities, and managing and preserving natural resources against available revenue from user fees and the desire to limit property tax increases. The Park District's largest revenue stream comes from the property tax levied against all property in suburban

Hennepin County. The Park District's ability to levy taxes for operations is limited by state statute to .03224% of market value. While the Park District's levy has always been below the levy limit, the limit and proposed levy are reviewed as part of the budget process to ensure the current year levy complies with state law and that future levies will not be constrained by the levy limit.

The 2018 budget does include the reallocation of resources but does not include user fee increases. Various fees were increased in 2015 through 2017 and the impact of these increases, if any, on usage is still unclear. There is a point where increased fees begin to have a diminishing return since a fee too high will actually reduce users. The Park District remains committed to balancing the need for increased fees with the desire to keep park facilities accessible to all and will continue to review fees in the years to come to ensure fees are equitable and continue to encourage participation.

The Nine Mile Creek Regional Trail, which will allow users to travel through the cities of Hopkins, Edina, Richfield and Bloomington was completed. This fifteen-mile trail, that follows the creek for which it is named, meanders through areas that are primarily residential while retaining a natural feel due to its route through forested areas, open spaces and 1.7 miles of wooden boardwalk that spans the creek and associated wetlands.

The French Regional Park pavement replacement and creative play area was completed. The play area, which was known as an icon for its climbing ropes and nets for almost 30 years, opened in August of 2018 and includes towers, climbing nets, and slides. Many of these features were specially fabricated for the French play area including a 28-foot tower and several of the 47 different climbing nets. In addition, a separate play area, similar to the main play area, is available for smaller children. The major portion of the play area are now fully accessible for park guests with physical disabilities.

A new financial accounting system was selected and installed in June of 2018. The Park District had been using software purchased in 1994 that was designed to run on an IBM mini-computer. While the system was updated on a regular basis, it was difficult to use and becoming outdated. As a result, there were less than 30 users that accessed the system and most staff asked Finance to provide the information they needed instead of accessing it on the system. The new system was purchased from BS&A, a software vendor specializing in governmental software, and went live in early June of 2018. Changing software allowed the Park District to review and modify a variety of operating policies and procedures including changing from a paper intensive Finance operation to an almost paperless operation. Installation of the system included converting ten years of historical data to allow staff to do comparisons as soon as the system was live. In all, more than 150 users were trained, and more than 100 users are accessing the system on a regular basis.

The Park District cooperated with the National Park Service and a specialized vendor to offer kayaking and stand up paddleboard opportunities on the Mississippi River and two lakes through the acquisition of specialized boat lockers. The paddle share program allows experienced paddlers to rent either a kayak or stand up paddleboard on-line then proceed to the park and, using a code that the park guest received during the rental process, open the locker to access their equipment. The rental lockers require no on-site staff other than periodic checking of the equipment. The two sites on the Mississippi river are part of a larger network that spans almost 18 miles of the river.

The master plan for Coon Rapids Dam Regional Park was updated after substantial public input. This park is one of the most unique facilities in the Park District. Amenities include a visitor center, large picnic shelter and a 2,150-foot walkway across the dam. With the exception of the dam walkway, most of the facilities were built 40 years ago. The new master plan envisions a new visitor and educational center, new recreational and educational areas and an expansion of the park through cooperation with the City of Brooklyn Park to include the city's nature area that is adjacent to the park. In recognition of the major change in the park, a new name is being given to the park. Mississippi Gateway Regional Park is scheduled for construction for 2020 and 2021 with an estimated cost of \$25 million, a large portion of which is expected to come from state grants and other sources.

### **Long-term Financial Planning**

The asset management program provides a sound, comprehensive, fiscally responsible method to manage capital development, maintenance, rehabilitation, information technology, and other capital-intensive activities at a District-wide level. An effective asset management program facilitates decision making that prioritizes projects, reduces costs and maximizes assets.

The 2018 asset management plan totaled \$14.7 million which finances 77 projects throughout the District. The projects have been divided into nine distinct program areas. The first five program areas are responsible for sustaining existing service levels, infrastructure and facilities. They play a critical role in the function of the Park District and should be strongly considered for funding prior to the construction of new or expanded facilities. These program areas are ADA compliance, infrastructure management, preservation and rehabilitation, information and technology, and natural resources management. The final four program areas either improve existing facilities and operations or add new facilities; these program areas are sustainability, capital enhancement program, partnerships, and major capital projects. Projects included trail crossing improvements, construction of various regional trail segments, various pavement rehabilitation projects, including a federally funded program to reconstruct roads and parking areas and trails at Coon Rapids Dam Regional Park (soon to be known as Mississippi Gateway Regional Park), community enhancement programs, energy efficiency and conservation programs, accessibility improvements and renovation of the Baker Park Reserve recreational area restroom buildings and boat rental. A variety of sources were identified to fund these improvements including regional park development grants, grants from other agencies, and Park District general obligation bonds. Projects completed in 2018 include; French Play Area and maintenance cold storage building, Twin Lakes boat ramp, MAC nature area boardwalk improvements, various pavement preservation maintenance, Eagle Lake golf cart building, Noerenberg water tower restoration/preservation, and the BS&A Finance system.

The Park District uses a five-year capital improvement plan to plan upcoming capital projects. This plan highlights the scope, timing and funding of all major projects for the next five years and is updated annually as the current year is removed and year 5 projects are included. It is expected that most of the proposed projects in years 2-5 will remain in their programmed year, but it is also possible that new opportunities (or challenges) may require revisions of project timing in years 2-5. The five-year capital improvement plan is also used to help plan and manage debt issuance and structure.

### **Relevant Financial Policies**

The Park District Board of Commissioners adopted a Financial Management Plan in 1989 that provides a framework for managing public funds. This plan has been amended 12 times since its adoption. The plan contains 70 policy statements covering:

- Operating Budgets
- Revenue Sources
- Gifts and Donations
- Fund Balance Levels
- Accounting and Financial Reporting
- Capital Improvements Planning and Funding
- Golf and Alpine Skiing Operations
- Debt Management
- Investments
- Risk Management
- Special Assessments
- Vehicle/Mobile Equipment Funding

Several of the policies have received increased attention over the last several years. One of the fund balance policies state that the District strives to maintain a minimum unassigned fund balance in the General Fund for working capital purposes of 22% of the ensuing year's budget. When the fund balance exceeds this amount the Board reviews and approves uses for the excess fund balance with a goal of planning for the future and limiting future property tax impacts for citizens. In addition, minimum fund balances in other funds are set in the Financial Management Plan and are monitored to ensure that the Park District's strong financial position is maintained. Future funding and spending decisions will

continue to be a balance between Park District needs, annual property tax increases and maintaining appropriate Fund Balances.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Park District for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2017. This was the twenty-ninth consecutive year the Park District has received this certificate. The Certificate of Achievement for Excellence in Financial Reporting is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit had to publish an easily readable and efficiently organized CAFR that satisfied both U.S. generally accepted accounting principles and applicable legal requirements.

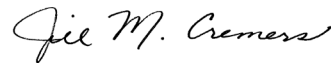
A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been accomplished without the skill, effort and dedication of all members of the Finance Department. We would also like to express our appreciation to the Superintendent, Associate Superintendents, Department Directors, and Board of Commissioners for their interest and support in planning and conducting the financial operations of the Park District in a responsible and progressive manner.

Respectfully submitted,



Howard D. Koolick  
Director of Finance/CFO



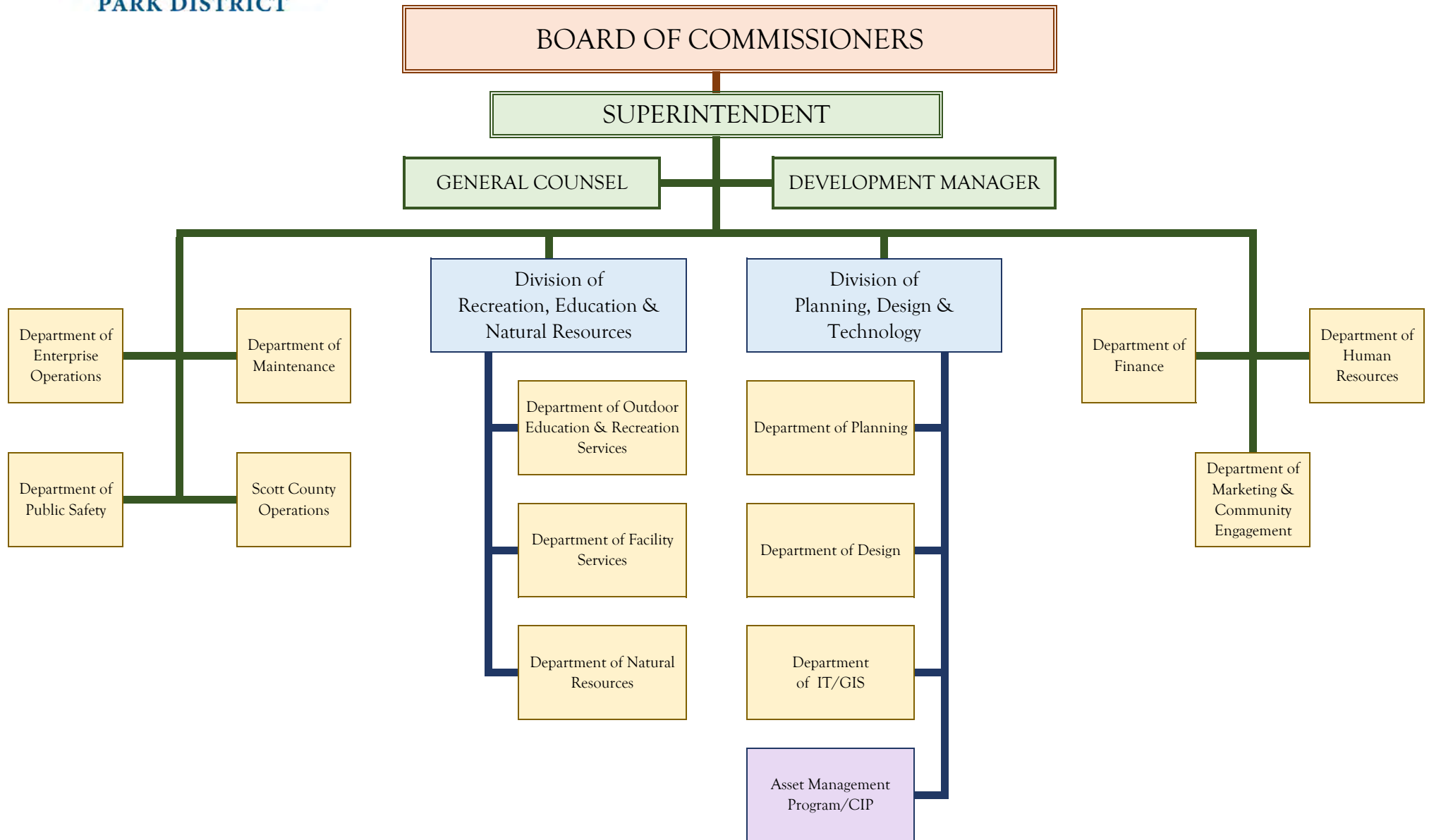
Jill M. Cremers  
Finance Manager



# THREE RIVERS PARK DISTRICT

## Organizational Chart

January 2019



## **PRINCIPAL OFFICIALS**

**The Board of Commissioners** is the policy body for the Park District. Five members are elected by District, and two are appointed at large by the Hennepin County Board of Commissioners.

John Gunyou, Chair	Elected – District 4	Term expires 12/31/2018
Daniel Freeman, Vice Chair	Elected - District 3	Term expires 12/31/2020
Penny Steele	Elected - District 1	Term expires 12/31/2020 -resigned on 1/31/2019
Jennifer DeJournett	Elected - District 2	Term expires 12/31/2018
John Gibbs	Elected – District 5	Term expires 12/31/2020
Gene Kay	Appointed	Term expires 12/31/2018
Steven E. Antolak	Appointed	Term expires 12/31/2020

### **Senior Management**

Boe Carlson	Superintendent and Secretary to the Board
Eric Quiring, P. A.	General Counsel
Luke Skinner	Associate Superintendent/Recreation, Education and Natural Resources
Jonathon Vlaming	Associate Superintendent/Planning, Design and Technology
Howard Koolick	Director of Finance/CFO

### **Consultants and Advisors**

External Auditor	Redpath and Company
Financial Consultant	Public Financial Management, Inc.
Bond Counsel	McGrann, Shea, Carnival, Straughn and Lamb, Chartered
Insurance and Risk Management	Minnesota Counties Intergovernmental Trust



Government Finance Officers Association

**Certificate of  
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Presented to

**Three Rivers Park District  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morrell*

Executive Director/CEO



## SECTION II

### FINANCIAL SECTION





*ThreeRivers*  
PARK DISTRICT



## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Three Rivers Park District  
Plymouth, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Three Rivers Park District, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Three Rivers Park District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Three Rivers Park District, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Scott County Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 14 to the financial statements, Three Rivers Park District adopted new accounting guidance, GASB Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the OPEB liability and related ratios, the schedules of proportionate share of net pension liability and the schedules of pension contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Three Rivers Park District's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2019, on our consideration of Three Rivers Park District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Three Rivers Park District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Three Rivers Park District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Redpath and Company, Ltd.".

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

May 10, 2019

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## **Three Rivers Park District**

### **Management's Discussion and Analysis For the year ended December 31, 2018**

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As management of the Three Rivers Park District (Park District), we offer readers of the Park District's financial statements this narrative overview and analysis of the financial activities of the Park District for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

#### **Financial Highlights**

- The Park District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$218,128,755 (net position). Of this amount, \$199,620,877 is the Park District's net investment in capital assets and \$18,971,111 is restricted for specific purposes (restricted net position) leaving a deficit of (\$463,233) in unrestricted net position. The deficit balance is not an indication that the Park District lacks the resources to satisfy its financial obligations in the near future. Rather, the deficit is the result of long-term, actuarially determined liabilities associated with pensions which are managed by the respective retirement systems and the State Legislature.
- The Park District's total net position increased by \$1,204,438.
- As of the close of the current fiscal year, the Park District's governmental funds reported combined ending fund balances of \$52,299,013, an increase of \$567,632 in comparison with the prior year. Approximately 38% of this amount, \$19,857,213 is available for use within the Park District's constraints and policies.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$13,554,185, or approximately 35% of total general fund expenditures. The committed or assigned amount, \$4,804,942 is in accordance with the Park District's Financial Management Plan, leaving \$8,749,243 unassigned and available for future allocation.
- The Park District's total bonded debt decreased by \$1,965,000, from \$68,265,000 to \$66,300,000. The key factor in this decrease was the Park District's annual debt payment exceeding the issuance of \$5,730,000 in General Obligation Bonds, for the purpose of financing the Park District's 2018 Capital Improvement Plan.

#### **Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Park District's basic financial statements. The Park District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Park District's finances, in a manner similar to the private-sector business.

The statement of net position presents information on all of the Park District's assets, liabilities, and deferred outflows/inflows of resources with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Park District is improving or deteriorating.

## Three Rivers Park District

### Management's Discussion and Analysis For the year ended December 31, 2018

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The statement of activities presents information showing how the Park District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Park District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Park District include Park and Trail Operations, Recreation, Education and Natural Resources, Planning, Design, and Technology, and General Government. The business-type activities of the Park District include Baker National Golf Course, Hyland Hills Ski Area, and Eagle Lake Golf Course.

The government-wide financial statements can be found on pages 27-28 of this report.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Park District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Park District can be divided into two categories: governmental funds, and proprietary funds.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Park District maintains fifteen governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for six of these funds which are considered to be major funds. Data from the other nine funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Park District adopts an annual appropriated budget for its general fund and certain special revenue funds. A budget to actual comparison has been provided for these funds to demonstrate compliance with these budgets.

The governmental fund financial statements can be found on pages 30-38 of this report.

## Three Rivers Park District

### Management's Discussion and Analysis For the year ended December 31, 2018

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*Proprietary Funds* – The Park District maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Park District uses enterprise funds to account for its Baker National Golf Course, Hyland Hills Ski Area, and Eagle Lake Golf Course.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Park District's various functions. The Park District uses internal service funds to account for its fleet of vehicles and equipment, for its risk management functions, and to provide pension benefits to other funds of the Park District on a cost reimbursement basis. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 39-42 of this report.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the governmental and proprietary fund financial statements.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Park District's progress in funding its Pension liability and Other Post-Employment Benefits (OPEB). Required supplementary information can be found on page 75 of this report.

The combining and individual statements and schedules in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information.

#### **Government-wide Financial Analysis**

##### Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Park District, assets and deferred outflows exceeded liabilities and deferred inflows by \$218,128,755. By far the largest portion of the Park District's net position (92 percent) reflects its investment in capital assets (e.g. land, buildings, land improvements, furniture and equipment) less any related debt used to acquire those assets that is still outstanding. The Park District uses these capital assets to provide services to park guests; consequently, these assets are not available for future spending. Although the Park District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Three Rivers Park District

### Management's Discussion and Analysis For the year ended December 31, 2018

Restricted net position increased \$877,855 to \$18,971,111 in 2018 due to the \$666,931 increase in debt services restrictions, \$214,031 increase in capital improvement restrictions, and a \$3,107 decrease in C.E. French Endowment and Eastman Library Expendable Trust Funds. Net Position is reported as restricted when constraints place on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

The remaining deficit of \$(463,233) represents the unrestricted portion of the Park District's net position. The deficit is caused by being required to report the unfunded portion of defined benefit pension plans. The reduction in the deficit is due to a reduction in the Park District's share of the State Pension Plan's liability and positive operating results in a number of funds.

#### Three Rivers Park District's Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 61,323,173	\$ 61,115,080	\$ 3,037,534	\$ 2,221,269	\$ 64,360,707	\$ 63,336,349
Capital assets - net	236,968,091	238,153,501	20,121,266	21,029,389	257,089,357	259,182,890
Total assets	<u>\$ 298,291,264</u>	<u>\$ 299,268,581</u>	<u>\$ 23,158,800</u>	<u>\$ 23,250,658</u>	<u>\$ 321,450,064</u>	<u>\$ 322,519,239</u>
Deferred Outflow of Resources	\$ 4,990,795	\$ 7,441,968	\$ -	\$ -	\$ 4,990,795	\$ 7,441,968
Long-term liabilities outstanding	\$ 87,118,959	\$ 91,379,117	\$ 7,834,462	\$ 8,312,468	\$ 94,953,421	\$ 99,691,585
Other Liabilities	5,333,197	5,575,916	573,138	506,287	5,906,335	6,082,203
Total liabilities	<u>\$ 92,452,156</u>	<u>\$ 96,955,033</u>	<u>\$ 8,407,600</u>	<u>\$ 8,818,755</u>	<u>\$ 100,859,756</u>	<u>\$ 105,773,788</u>
Deferred Inflow of Resources	\$ 7,452,348	\$ 7,263,102	\$ -	\$ -	\$ 7,452,348	\$ 7,263,102
Net position:						
Net investment in capital assets	\$ 186,859,465	\$ 187,122,540	\$ 12,761,412	\$ 12,942,219	\$ 199,620,877	\$ 200,064,759
Restricted	18,971,111	18,093,256	-	-	18,971,111	18,093,256
Unrestricted	(2,453,021)	(2,723,382)	1,989,788	1,489,684	(463,233)	(1,233,698)
Total net position	<u>\$ 203,377,555</u>	<u>\$ 202,492,414</u>	<u>\$ 14,751,200</u>	<u>\$ 14,431,903</u>	<u>\$ 218,128,755</u>	<u>\$ 216,924,317</u>

#### Statement of Activities

The Park District's overall net position increased \$1,204,438 from the prior fiscal year. The governmental activities net position increased by \$885,141 while the business-type activities net position increased by \$319,297.

The following table presents the changes in net position for governmental and business-type activities.

## Three Rivers Park District

### Management's Discussion and Analysis For the year ended December 31, 2018

#### Three Rivers Park District's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 9,096,050	\$ 8,243,186	\$ 8,384,801	\$ 9,379,556	\$ 17,480,851	\$ 17,622,742
Operating grants and contributions	5,520,624	5,692,725	-	-	5,520,624	5,692,725
Capital grants and contributions	4,125,322	12,437,952	-	-	4,125,322	12,437,952
General revenues:						
Property taxes	40,765,471	40,607,986	349,440	345,345	41,114,911	40,953,331
Unrestricted investments earnings	730,074	584,691	26,957	10,255	757,031	594,946
Gain on the sale of capital assets	148,991	175,588	-	-	148,991	175,588
Other	449,603	270,458	64,024	28,395	513,627	298,853
Total revenues	60,836,135	68,012,586	8,825,222	9,763,551	69,661,357	77,776,137
Expenses:						
Park and Trail Operations	24,232,190	24,526,248	-	-	24,232,190	24,526,248
Recreation, Education, and Natural Resources	20,923,909	21,017,720	-	-	20,923,909	21,017,720
Planning, Design, and Technology	5,520,771	5,286,835	-	-	5,520,771	5,286,835
General Government	7,923,130	7,117,892	-	-	7,923,130	7,117,892
Interest and fiscal charges on debt	1,293,583	1,270,612	-	-	1,293,583	1,270,612
Baker National Golf Course	-	-	2,159,958	2,212,912	2,159,958	2,212,912
Hyland Hills Ski Area	-	-	5,260,436	7,329,914	5,260,436	7,329,914
Eagle Lake Golf Course	-	-	1,142,942	1,130,541	1,142,942	1,130,541
Total expenses	59,893,583	59,219,307	8,563,336	10,673,367	68,456,919	69,892,674
Increase (decrease) in net position before transfers	942,552	8,793,279	261,886	(909,816)	1,204,438	7,883,463
Transfers	(57,411)	(18,669)	57,411	18,669	-	-
Change in net position	885,141	8,774,610	319,297	(891,147)	1,204,438	7,883,463
Net position-Beginning	202,492,414	193,717,804	14,431,903	15,323,050	216,924,317	209,040,854
Net position on December 31	<u>\$ 203,377,555</u>	<u>\$ 202,492,414</u>	<u>\$ 14,751,200</u>	<u>\$ 14,431,903</u>	<u>\$ 218,128,755</u>	<u>\$ 216,924,317</u>

#### Governmental Activities

Governmental activities increased the Park District's net position by \$885,141 compared to an increase of \$8,774,610 in 2017. The revenues for the Park District's governmental activities decreased by \$7,176,451, or 10.55%, while expenses increased by \$674,276, or 1.14%. The major components of this decreases are explained as follows:

Charges for services revenue increased \$852,864, or 10.35% in 2018. The revenues for winter activities increased dramatically in 2018 as we had a late finish and early start to the winter season. Increases were seen in cross country ski fees, alpine ticket and lesson fees, and all other winter equipment rentals. Summer activities were back on track to a typical summer, after a cool wet summer in 2017. The increases were seen in all watercraft rentals, overnight camping, and park concessions revenues.

Operating and capital grants and contributions decreased by \$8,484,731, or 46.80%, due to the completion of Twin Lakes Regional Trail, On-Ramps to the Regional Trail System and the Nine Mile West Regional Trail projects which were funded Federal Highway Administration Grants and Metropolitan Council Grants in 2017.

## Three Rivers Park District

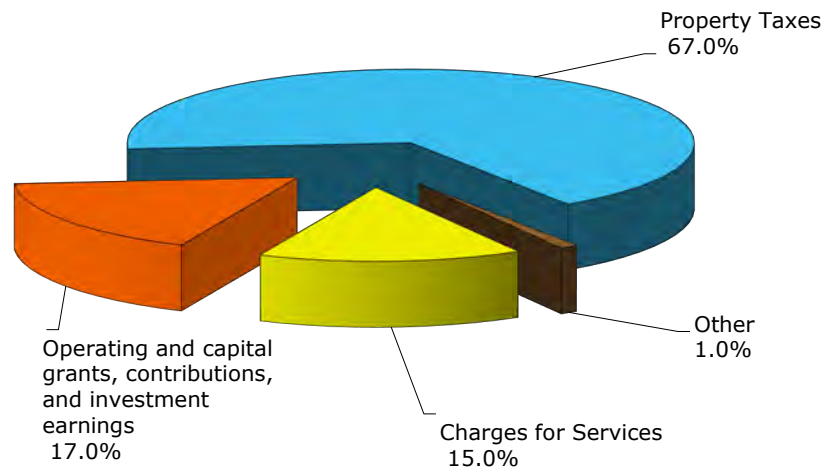
### Management's Discussion and Analysis For the year ended December 31, 2018

Property taxes increased by \$157,485, or .39%. This slight increase is due to increased collections and reduced County valuation adjustments resulting in a lower amount of abated taxes.

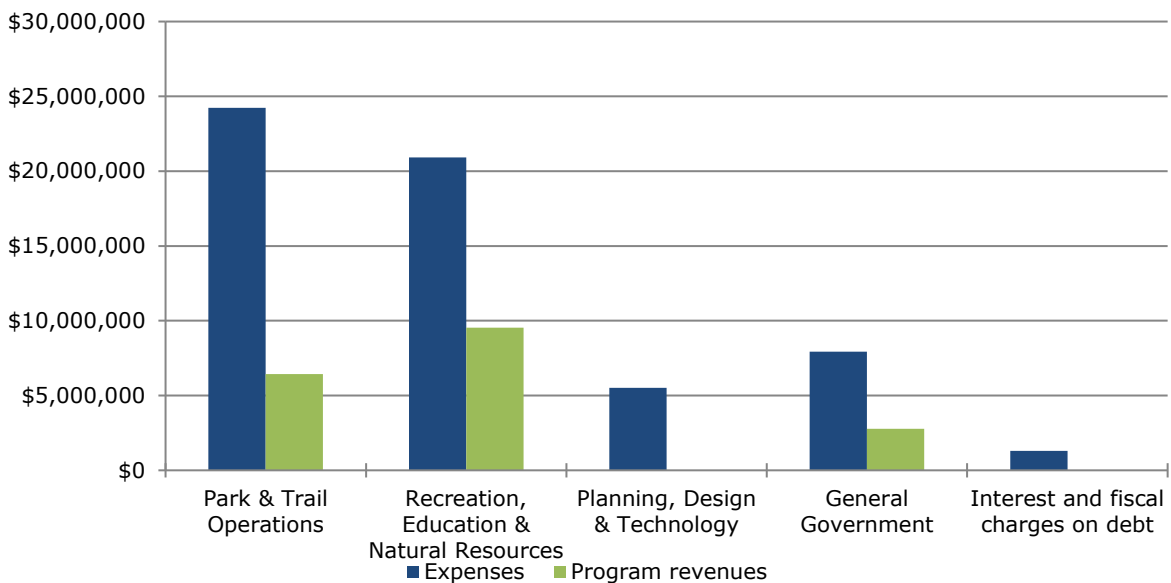
Unrestricted investment earnings increased \$145,383. This increase was due to a higher interest rate on our investment portfolio held with Hennepin County. In 2017, the average rate earned was 1.43% and in 2018 it is 1.70%.

*Expenses* – The Park District's expenses for governmental activities increased by \$674,276, or 1.14%. This increase was due to a slight increase due to normal inflationary increases to operate and maintain a high standard for quality facilities, programs and recreational opportunities throughout the Park District, additional staffing costs for delivery of programs to taxpayers in their neighborhoods, increase costs for data processing contracts and employee training.

#### Revenues by Source - Governmental Activities



#### Expenses and Program Revenue - Governmental Activities

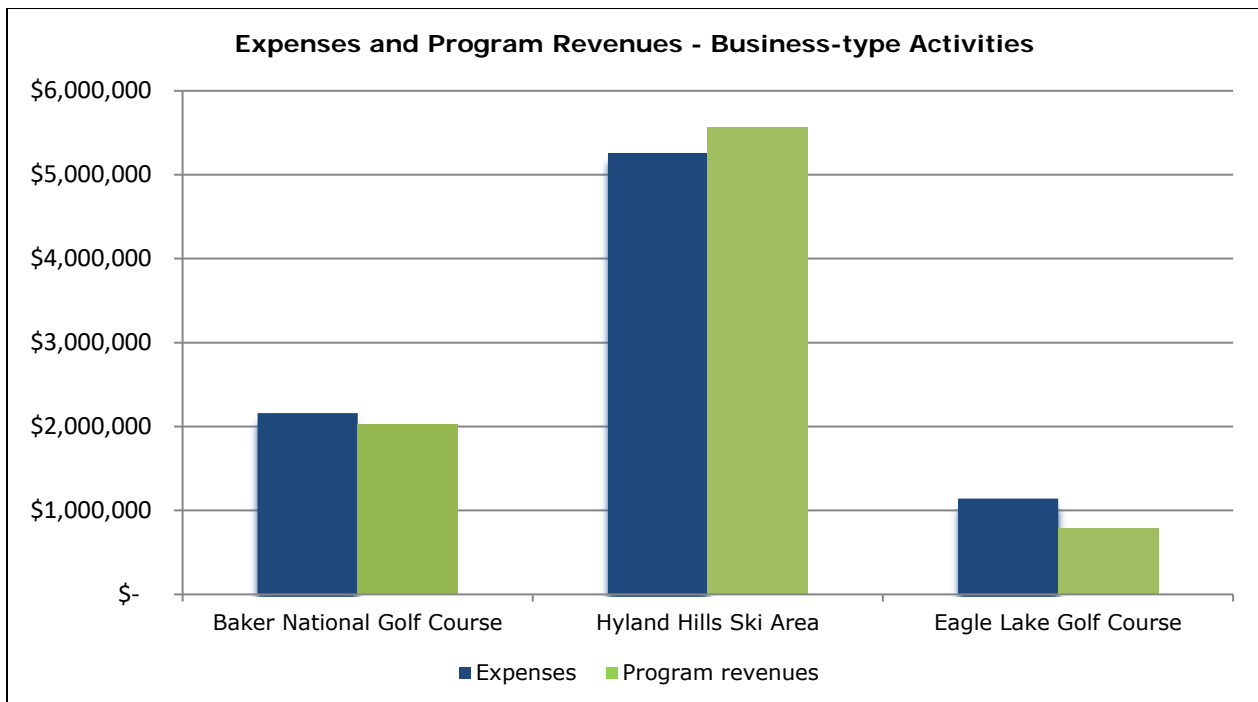
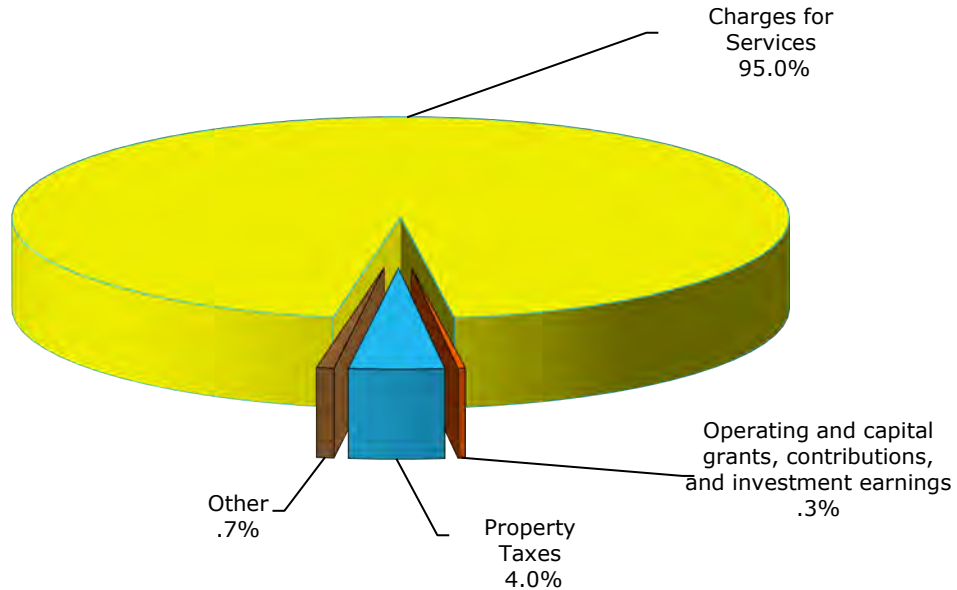


## Three Rivers Park District

### Management's Discussion and Analysis For the year ended December 31, 2018

#### Business-Type Activities

#### Revenues by Source - Business-type Activities



As we analyze the business-type activities, it is important to be aware that the Hyland Hills Ski Area Fund is reporting 12 months of revenues and expenses in 2018, as compared to 18 months of financial activity July 1, 2016 through December 31, 2017. The changes in revenue and expenses can be explained as follows:

## Three Rivers Park District

### Management's Discussion and Analysis For the year ended December 31, 2018

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*Revenues* – The Park District's business-type revenues decreased by \$938,329, or 9.6%. Charges for services decreased \$994,755, or 10.6%; \$142,782, or 15.2%, of this decrease is due to golf operations and the remaining is primarily due to reporting an additional six months of revenues at Hyland Hills Ski Area in 2017.

*Expenses* – The Park District's expenses for business-type activities decreased \$2,110,031, or 19.8%. This decrease is due to reporting an additional six months of expenses at the Hyland Hills Ski Area in 2017.

Business-type activities increased net position by \$319,297, as compared to a decrease of \$891,147 in 2017. This overall increase in net position for business-type activity is due to the exceptional ski seasons (January-March and October-December) during the 2018 calendar year at Hyland Hills Ski Area.

#### Financial Analysis of the Park District's Funds

As noted earlier, the Park District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Park District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Park District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Park District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Park District's governmental funds reported combined ending fund balances of \$52,299,013, an increase of \$567,632 in comparison with the prior year. Committed, assigned, and unassigned fund balance, which is available for spending at the Park District's discretion, have a balance of \$19,857,213, or 38.0% of fund balance at year end. The remainder of fund balance is nonspendable or restricted to indicate that it is not available for new spending because it has already been obligated; 1) for assets not readily available, such as prepaid items, advances and inventories, 2) for permanent fund trust accounts, 3) for future debt service payments, 4) for capital improvement projects, and 5) for maintenance and rehabilitation of existing Park District facilities.

The General Fund is the chief operating fund of the Park District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,749,243, while total fund balance reached \$13,698,745. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22.5% of total general fund expenditures, while total fund balance represents 35.2% of that same amount.

The Park District, in an effort to ensure financial stability and adequate cash flow, has established the following fund balance allocations for the General Fund.

- The Park District's Board of Commissioners committed fund balance to fully fund obligations for accrued employee benefits.
- The financial management plan assigned fund balance to ensure the Park District can adequately fund:
  - next year's budget commitments to be funded by its allocation of state maintenance and operation funding
  - emergencies and unforeseen circumstances without a major impact on existing customer service levels equal to \$1,000,000

## Three Rivers Park District

### Management's Discussion and Analysis For the year ended December 31, 2018

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- The financial management plan sets the minimum unassigned fund balance to equal 22.0% of the ensuing year's budget to ensure availability of funds for the next year's budget until property tax and park use revenues are received. The Park District did not meet this minimum assigned fund balance, by \$15,174, as of December 31, 2018.

The committed and assigned fund balances demonstrate the Park District's dedication to responsible financial management and continued high quality programming and facilities for the public. The amount committed for compensated absences as of December 31, 2018 is \$3,134,239. The total of the assigned fund balance in the General Fund as of December 31, 2018 is \$1,670,703.

The fund balance of the Park District's general fund increased \$734,079 during the current fiscal year. Key factors in this increase are as follows:

- General fund property tax revenue increased by \$2,638,537 or 9.3%, due primarily to an increase in the operating tax levy approved by the Board of Commissioners.
- General fund intergovernmental revenue increased by \$15,549 or 1.2% due to a slight increase in grants from the Conservation Partners Legacy Grant Program.
- General fund charges for park use increased \$159,273 or 3.1% as a result of an increase fees for cross country and alpine skiing, and overnight camping.
- General fund rental charges increased by \$525,039 or 79.6% due to an increase in all winter rentals and summer watercraft rentals.
- General fund concessions and lessons charges increased by \$151,527 or 20.1% due to the 2018 summer activity being back on track from the 2017 cool wet summer.
- Total general fund expenditures increased by \$1,301,797 or 3.5% in the current fiscal year. This increase was due to a 1.5% to 3.0% inflationary salary adjustment for employees, additional staffing for delivery of programs to taxpayers in their neighborhoods, and the one-time purchases of additional pieces of equipment.
- General fund transfers out to other funds decreased by \$1,726,809 or 62.9%. This decrease was due to a one-time transfer of \$1,000,000 for land acquisition and a reduction in the amount contributed to the asset management plan.

The Scott County special revenue fund net change in fund balance show an increase of \$141,314. Charges for park use and rental charges increased slightly, \$40,899, due to increases in group education, public programs, cross country ski fees, and rental of skis and watercraft. An increase in contributions of \$62,781 from Scott County, offset expenditure increases and the decrease in golf revenues.

The G.O. Bond C.I.P. fund net change in fund balance decreased \$752,208. This decrease is a result of capital project expenditures exceeding the unspent portion of bond proceeds and grant revenues. The capital project expenditures included construction for the Nine Mile Creek Regional trail, the French Regional Park play area and maintenance cold storage building, Eagle Lake Golf Course cart building, Twin Lakes boat ramp, the Hyland Regional Park and Coon Rapids Dam pavement rehabilitation design, the MAC nature boardwalk, and the Noerenberg water tower rehabilitation. Other construction projects included a variety of Natural Resource Management projects, various trail segments, outreach initiatives, sustainability projects, district wide accessibility improvements, HVAC upgrades, and various pavement replacements.

The Metro-Three Rivers C.I.P. Fund had zero net change in fund balance due to grant revenues matching project expenditures.

## Three Rivers Park District

### Management's Discussion and Analysis For the year ended December 31, 2018

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The Land Acquisition, Development and Betterment fund had a decrease in its fund balance of \$830,004 due to land acquisitions, invasive species management costs, and forest management projects approved in the Asset Management Program or by the Board of Commissioners.

The debt service fund has a total fund balance of \$15,499,036, all of which is restricted for the payment of debt service. The increase in fund balance during the current year was \$672,609, due to the 2018 property tax collections which fund the 2019 scheduled debt service payments, being greater than the required 2018 debt service payments.

**Proprietary funds.** The Park District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Baker National Golf Course at the end of the year amounted to \$1,190,834, those of Hyland Hills Ski Area amounted to \$886,825, and those of Eagle Lake Golf Course amounted to \$335,848. The total net position for these funds decreased by \$59,191 for Baker National Golf Course and increased by \$441,436 and \$94,631 for Hyland Hills Ski Area and for Eagle Lake Golf Course.

Golf course revenues were lower by \$114,229 at Baker National Golf Course and \$28,553 at Eagle Lake Golf Course when compared to 2017 which saw revenues at both courses approach record levels. The 2018 expenses decreased by \$46,531 at Baker National Golf Course due to the decrease in equipment rentals and other service charges. The expenses at Eagle Lake Golf Course increased by \$28,993 due to employee salary and benefit costs. Hyland Hills Ski Area revenues decreased by \$851,973 and the 2018 expenses decreased by \$1,932,288, as Hyland Hills Ski Area was reporting an additional six months of operating activity, from July 1, 2017 through December 31, 2017. In future years, comparable data for Hyland Hills will be on the same calendar year as all other funds.

#### General Fund Budgetary Highlights

During the year, there was a \$587,153 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$309,815 represents appropriation increases for prior year encumbrances.
- \$151,821 represents additions approved by the Board of Commissioners for unanticipated grants, park use charges and transfers, and the associated operating expenditures.
- \$125,517 represents the use of unassigned fund balance for the park partners, and additional funding for the 2018 maintenance union contract.

Actual revenues and other financing sources were \$676,091 more than budgeted. All revenues exceeded budget except for disc golf charges, concessions, and investment earnings. Property tax revenues exceeded budget by \$232,471, as the Park District is required by State Statute to budget assuming a 98.0% collection rate. The actual collection rate for 2018 was 99.2%. Rental revenues exceeded budget by \$256,312. Approximately \$188,000 of this amount is related to winter equipment rentals while summer watercraft rentals account for the remaining balance. Other revenues exceeded budget by \$127,030, due to unanticipated revenue in reimbursements and restitutions. Due to the unfavorable weather conditions during several months of 2018 the Park District faced the challenges of meeting the budgeted goals for disc golf charges and concessions.

## Three Rivers Park District

### Management's Discussion and Analysis For the year ended December 31, 2018

Expenditures and other financing uses were \$220,379 less than budgeted. This positive variance is due to unspent budget authority in wages and benefits, consultant agreements, capital equipment, and budgeted contingency partially offset by higher than budgeted costs in electricity and other service charges. When combined with the budget surplus in revenues and other sources, the fund balance in the General Fund increased by \$734,079 which was \$896,470 higher than planned in the budget.

#### Capital Asset and Debt Administration

**Capital assets.** The Park District's investment in capital assets for its governmental and business-type activities as of December 31, 2018 amounts to \$257,089,357 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, permanent easements, buildings and structures, improvements other than buildings, furniture and equipment, infrastructure, and temporary easements. The total decrease in the Park District's investment in capital assets for the current fiscal year was \$2,093,533 net of accumulative depreciation. The Park District spent \$2,913,728 in land acquisitions during 2018. In addition, major capital assets completed during the current fiscal year included the following:

- French Play Area – \$1,281,711
- French Maintenance Cold Storage - \$455,388
- IBM System Replacement – \$364,456
- Nine Mile Creek Regional Trail West - \$706,097
- Nine Mile Creek Regional Trail Hopkins – 175,500
- Twin Lakes Boat Ramp - \$184,841

#### Three Rivers Park District Capital Assets (net of depreciation)

Capital Assets	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017
Land	\$ 94,010,887	\$ 91,097,159	\$ 417,179	\$ 417,179	\$ 94,428,066	\$ 91,514,338
Construction in progress	1,115,414	1,466,703	-	-	1,115,414	1,466,703
Permanent easements	2,093,879	1,603,845	-	-	2,093,879	1,603,845
Buildings and structures	40,489,370	41,631,753	13,582,782	13,966,833	54,072,152	55,598,586
Improvements other than buildings	60,726,169	63,980,006	3,725,545	4,169,106	64,451,714	68,149,112
Furniture and equipment	11,395,286	10,079,732	2,395,760	2,476,271	13,791,046	12,556,003
Infrastructure	27,137,086	28,294,303	-	-	27,137,086	28,294,303
Temporary Easements	-	-	-	-	-	-
Total Capital Assets	<u>\$ 236,968,091</u>	<u>\$ 238,153,501</u>	<u>\$ 20,121,266</u>	<u>\$ 21,029,389</u>	<u>\$ 257,089,357</u>	<u>\$ 259,182,890</u>

Additional information on the Park District's capital assets can be found in Note 3 of the notes to the financial statements.

**Long-term debt.** At year-end, the Park District had \$66,300,000 in bonds and notes outstanding versus \$68,265,000 last year. The decrease was the result of the scheduled debt payments during the year amounting to more than the issuance of the 2018 General Obligation bonds.

## Three Rivers Park District

### Management's Discussion and Analysis For the year ended December 31, 2018

#### Three Rivers Park District Long-term Debt (General Obligation and Revenue Bonds, and Capital Leases)

Long-term Debt	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 59,085,000	\$ 60,560,000	\$ -	\$ -	\$ 59,085,000	\$ 60,560,000
Revenue Bonds	-	-	7,215,000	7,705,000	7,215,000	7,705,000
Total Long-term Debt	\$ 59,085,000	\$ 60,560,000	\$ 7,215,000	\$ 7,705,000	\$ 66,300,000	\$ 68,265,000

The Park District's previous ratings of "Aaa" from Moody's and "AAA" from Fitch were both confirmed for the 2018 bond issue; citing the Park District's large and diverse tax base, proactive financial management, and ample financial reserves as reasons for the ratings.

Additional information on the Park District's long-term debt can be found in Note 4 of the basic financial statements.

#### Economic factors and next year's budget & rates

The Park District's ever-increasing number of park and trail users, exceeding 12.6 million, have impacted costs for public service and park maintenance. The increased need to be proactive in protecting natural resources from invasive species and contamination continues to grow. The 2019 budget reallocates existing resources but does not include user fee increases, to continue to provide recreational opportunities, funding for maintenance and continued efforts in natural resources management. Continued efforts at reaching suburban Hennepin County residents in their local neighborhoods has proven to be very successful and will be expanding in the future. This effort will add financial pressures to the Park District's future budgets. In addition, weather conditions will continue to positively and negatively impact park operations.

The Park District's ability to levy taxes for operations is limited by state statute to .03224% of taxable market value. While the Park District's levy has always been below the levy limit, the limit and the proposed levy are reviewed as part of the budget process to ensure the current year levy complies with state law and the future levies will not be constrained by the levy limit. The 2019 budget includes a decrease in property taxes of \$242,430 in the operating portion of the property tax levy and a similar increase in the debt service portion. Park use revenues are budgeted to increase by \$161,866 through a combination of increased program offerings, and various increases and decreases in our revenue estimates based on historical trends. While no fee increases are included in the 2019 General Fund operating budget, staff does plan on reviewing fees in 2019 to determine both appropriateness of fees and whether amounts are adequate to meet the Park District's budgetary and cost recovery needs.

The Park District's 2019 General Fund Operating Budget was approved at \$39,838,261, which is a decrease of \$62,509, or .16%, from the 2018 budget. The ability to decrease the 2019 budget is due to the reallocation of more than \$1.375 million that was budgeted for one-time costs in 2018. These reallocations fund various operating cost increases that are part of the 2019 budget. The budget provides funding for the priorities identified below through a combination of property taxes, park guest fees, reprioritization of costs, and other sources.

- Continue to provide high quality facilities, programs and recreational opportunities.
- Continue to manage natural resources and educate the public on natural resource management issues.
- Continue to engage residents of suburban Hennepin County in both existing park locations and in resident's local communities.

## **Three Rivers Park District**

### **Management's Discussion and Analysis For the year ended December 31, 2018**

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#### **Contacting the Park District's Financial Management**

This financial report is designed to provide our taxpayers, park guests, our creditors, and other interested parties with a general overview of the Three Rivers Park District's finances and to show the Park District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 3000 Xenium Lane North, Plymouth, MN 55441, or Jill Cremers, Senior Finance Manager at (763) 559-6735, or [jill.cremers@threeriversparks.org](mailto:jill.cremers@threeriversparks.org).

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# BASIC FINANCIAL STATEMENTS



*ThreeRivers*  
PARK DISTRICT

# THREE RIVERS PARK DISTRICT

## STATEMENT OF NET POSITION

As of December 31, 2018

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash, cash equivalents, and investments	\$ 52,719,047	\$ 3,596,746	\$ 56,315,793
Property taxes receivable	367,387	-	367,387
Other receivables	65,769	40,847	106,616
Internal balances	819,806	(819,806)	-
Due from other governmental units	6,741,748	60,657	6,802,405
Prepaid items	109,317	7,612	116,929
Inventory	500,099	151,478	651,577
Capital assets:			
Nondepreciable	97,220,180	417,179	97,637,359
Depreciable	243,167,570	34,713,693	277,881,263
Accumulated depreciation	(103,419,659)	(15,009,606)	(118,429,265)
Total assets	298,291,264	23,158,800	321,450,064
Deferred Outflows of Resources	4,990,795	-	4,990,795
<b>LIABILITIES</b>			
Accounts payable	1,450,176	194,858	1,645,034
Contracts payable	435,175	-	435,175
Retainage payable	233,264	-	233,264
Due to other governmental units	446,390	5,781	452,171
Unearned revenue	51,009	-	51,009
Accrued interest	774,295	89,575	863,870
Accrued liabilities	1,942,888	282,924	2,225,812
Noncurrent liabilities:			
Due within one year	8,872,524	607,430	9,479,954
Due in more than one year	78,246,435	7,227,032	85,473,467
Total liabilities	92,452,156	8,407,600	100,859,756
Deferred Inflows of Resources	7,452,348	-	7,452,348
<b>NET POSITION</b>			
Net investment in capital assets	186,859,465	12,761,412	199,620,877
Restricted for			
Maintain and rehabilitate existing facilities	2,875,216	-	2,875,216
Debt service	14,828,082	-	14,828,082
Noerenberg Trust			
Non-Expendable	1,200,000	-	1,200,000
C.E. French Endowment			
Non-Expendable	28,519	-	28,519
Expendable	28,022	-	28,022
Eastman Library			
Non-Expendable	5,025	-	5,025
Expendable	6,247	-	6,247
Unrestricted	(2,453,021)	1,989,788	(463,233)
Total Net Position	\$ 203,377,555	\$ 14,751,200	\$ 218,128,755

The notes to the financial statements are an integral part of this statement.

THREE RIVERS PARK DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
Park and Trail Operations	\$ 24,232,190	\$ 9,850	\$ 2,319,040	\$ 4,105,322	\$ (17,797,978)	\$ -	\$ (17,797,978)
Recreation, Education, and Natural Resources	20,923,909	8,952,937	577,288	-	(11,393,684)	-	(11,393,684)
Planning, Design, and Technology	5,520,771	225	-	-	(5,520,546)	-	(5,520,546)
General Government	7,923,130	133,038	2,624,296	20,000	(5,145,796)	-	(5,145,796)
Interest and fiscal charges on debt	1,293,583	-	-	-	(1,293,583)	-	(1,293,583)
Total governmental activities	59,893,583	9,096,050	5,520,624	4,125,322	(41,151,587)	-	(41,151,587)
<b>Business-type activities:</b>							
Baker National Golf Course	2,159,958	2,023,537	-	-	-	(136,421)	(136,421)
Hyland Hills Ski Area	5,260,436	5,572,721	-	-	-	312,285	312,285
Eagle Lake Golf Course	1,142,942	788,543	-	-	-	(354,399)	(354,399)
Total business-type activities	8,563,336	8,384,801	-	-	-	(178,535)	(178,535)
<b>Total government</b>	<u>\$ 68,456,919</u>	<u>\$ 17,480,851</u>	<u>\$ 5,520,624</u>	<u>\$ 4,125,322</u>	<u>(41,151,587)</u>	<u>(178,535)</u>	<u>(41,330,122)</u>
General revenues:							
Property taxes					40,765,471	349,440	41,114,911
Unrestricted investment earnings					730,074	26,957	757,031
Gain on the sale of capital assets					148,991	-	148,991
Other					449,603	64,024	513,627
Transfers					(57,411)	57,411	-
Total general revenue and transfers					42,036,728	497,832	42,534,560
<b>Change in net position</b>					885,141	319,297	1,204,438
Net Position - Beginning					202,492,414	14,431,903	216,924,317
Net Position - Ending					<u>\$ 203,377,555</u>	<u>\$ 14,751,200</u>	<u>\$ 218,128,755</u>

The notes to the financial statements are an integral part of this statement.

## **MAJOR GOVERNMENTAL FUNDS**

### **General Fund**

The General Fund accounts for the revenues and expenditures relating to normal governmental activities which are not accounted for in another fund. It is the main operating fund of the Park District.

### **Special Revenue Funds**

The Special Revenue Funds are used to account for a specific revenue source that is restricted, committed, or assigned to expenditures for particular purposes.

### **Scott County**

The Scott County fund accounts for revenues and expenditures associated with all regional park facilities in Scott County per the covenants of a joint powers agreement.

### **Capital Project Funds**

Capital projects funds account for the financial resources that are restricted, committed, or assigned to expenditures for the acquisition, development and betterment of Park District facilities other than those facilities financed by proprietary funds.

### **General Obligation Bonds CIP Fund**

A fund established to account for the revenue from General Obligation Bond sales. These monies will be used to fund the Capital Improvement Plan.

### **Metro-Three Rivers Park Districts CIP Fund**

A fund established to account for monies received from Metropolitan Council (Minnesota) grants and expended in accordance with grant agreements between the Park District and the Metropolitan Council. This fund applies to all Three Rivers Park Districts' facilities not located in Scott County.

### **Land Acquisition, Development and Betterment Fund**

A fund established to account for the revenues and expenditures associated with park acquisition and improvement that is not funded by Metropolitan Council grants.

### **Debt Service Fund**

The Debt Service Fund accounts for financial resources that are restricted, committed, or assigned to expenditures for the payment of long-term debt principal, interest, and related costs, which are not accounted for in another fund.



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PARK DISTRICT

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# THREE RIVERS PARK DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

As of December 31, 2018

	General	Scott County	G.O. Bond C.I.P.
<b>ASSETS</b>			
Cash, cash equivalents, and investments	\$ 15,389,118	\$ -	\$ 10,257,991
Property taxes receivable	264,046	-	-
Other receivables	40,689	-	25,080
Due from other funds	164,242	-	-
Due from other governmental units	346,038	719,489	2,195,394
Advance to other funds	-	-	-
Prepaid items	33,115	-	-
Inventory	111,445	36,979	-
Total Assets	<u>\$ 16,348,693</u>	<u>\$ 756,468</u>	<u>\$ 12,478,465</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 573,625	\$ 11,837	\$ 44,414
Contracts payable	-	-	345,862
Retainage payable	-	-	218,967
Accrued liabilities	1,614,542	67,139	-
Due to other funds	-	84,041	-
Due to other government units	174,780	7,693	248,203
Unearned Revenue	22,955	1,100	-
Total Liabilities	<u>2,385,902</u>	<u>171,810</u>	<u>857,446</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue-property taxes	264,046	-	-
Total Deferred Inflows of Resources	<u>264,046</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>			
Nonspendable:			
Prepaid items	33,115	-	-
Advance	-	-	-
Inventory	111,445	36,979	-
C.E. French Endowment - non-expendable	-	-	-
Noerenberg Trust - non-expendable	-	-	-
Eastman Library - non-expendable	-	-	-
Restricted:			
Capital improvement projects	-	-	11,621,019
Maintain and rehabilitate existing facilities	-	-	-
Debt Service	-	-	-
C.E. French Endowment	-	-	-
Eastman Library	-	-	-
Committed:			
Future park & trail acquisition and improvement	-	-	-
Compensated absences	3,134,239	-	-
Maintain and rehabilitate existing facilities	-	-	-
Betterment of and access to facilities & programs	-	-	-
Operation & improvement of parks & trails in Scott County	-	547,679	-
Assigned			
Future park operating and maintenance costs	661,056	-	-
Capital improvement projects	-	-	-
Community Engagement	9,647	-	-
Contingencies	1,000,000	-	-
Unassigned:	8,749,243	-	-
Total Fund Balances	<u>13,698,745</u>	<u>584,658</u>	<u>11,621,019</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,348,693</u>	<u>\$ 756,468</u>	<u>\$ 12,478,465</u>

The notes to the financial statements are an integral part of this statement.

Metro - Three Rivers C.I.P.	Land Acquisition Development & Betterment	Debt Service	Other Governmental	Total Governmental
\$ -	\$ 687,531	\$ 15,489,036	\$ 7,235,871	\$ 49,059,547
-	-	103,341	-	367,387
-	-	-	-	65,769
-	3,107,177	-	-	3,271,419
3,218,040	45,666	10,000	207,121	6,741,748
-	132,187	-	263,900	396,087
-	-	-	65,445	98,560
-	-	-	1,579	150,003
<u>\$ 3,218,040</u>	<u>\$ 3,972,561</u>	<u>\$ 15,602,377</u>	<u>\$ 7,773,916</u>	<u>\$ 60,150,520</u>
\$ 42,710	\$ 518,656	\$ -	\$ 163,199	\$ 1,354,441
55,081	8,513	-	25,719	435,175
4,344	448	-	9,505	233,264
-	-	-	13,618	1,695,299
3,107,177	-	-	80,201	3,271,419
8,728	2,909	-	1,200	443,513
-	-	-	26,954	51,009
<u>3,218,040</u>	<u>530,526</u>	<u>-</u>	<u>320,396</u>	<u>7,484,120</u>
-	-	103,341	-	\$ 367,387
-	-	103,341	-	367,387
-	-	-	65,445	98,560
-	-	-	263,900	263,900
-	-	-	1,579	150,003
-	-	-	28,519	28,519
-	-	-	1,200,000	1,200,000
-	-	-	5,025	5,025
-	-	-	604,187	12,225,206
-	-	-	2,937,282	2,937,282
-	-	15,499,036	-	15,499,036
-	-	-	28,022	28,022
-	-	-	6,247	6,247
-	3,442,035	-	-	3,442,035
-	-	-	-	3,134,239
-	-	-	453,990	453,990
-	-	-	841,101	841,101
-	-	-	-	547,679
-	-	-	-	661,056
-	-	-	1,115,679	1,115,679
-	-	-	-	9,647
-	-	-	-	1,000,000
-	-	-	(97,456)	8,651,787
<u>-</u>	<u>3,442,035</u>	<u>15,499,036</u>	<u>7,453,520</u>	<u>52,299,013</u>
<u>\$ 3,218,040</u>	<u>\$ 3,972,561</u>	<u>\$ 15,602,377</u>	<u>\$ 7,773,916</u>	<u>\$ 60,150,520</u>

# THREE RIVERS PARK DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

As of December 31, 2018

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FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$	52,299,013
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Amounts reported for governmental activities in the statement of net position are different because:

- 1) Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:

Governmental capital assets	\$	324,414,894	
Less accumulated depreciation		(91,958,379)	232,456,515

- 2) Long term liabilities are not payable with current financial resources and are therefore not reported in the governmental funds.

Bonds payable	\$	(59,085,000)	
OPEB liability		(1,973,551)	
Accrued interest payable		(774,295)	
Unamortized bond premium		(3,310,898)	
Compensated absences		(3,134,239)	(68,277,983)

- 3) Internal service funds are used by management to charge the cost of pension liability, insurance and equipment rental to individual funds.

Equipment rental	\$	6,171,182	
Risk management		1,873,866	
State Pension		(21,993,423)	(13,948,375)

- 4) Internal service funds charges of cost to proprietary funds for insurance and equipment rental to individual funds.

Internal activity	\$	423,719	423,719
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- 5) Adjustments for deferred inflows of resources on long-term assets not available to pay current-period expenditures.

Delinquent property taxes	\$	367,387	
OPEB Expense		57,279	424,666

Total Net Position		\$	<u>203,377,555</u>
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The notes to the financial statements are an integral part of this statement.

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# THREE RIVERS PARK DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2018

	General	Scott County	G.O. Bond C.I.P.
<b>Revenues:</b>			
Property taxes	\$ 31,159,542	\$ -	\$ -
Intergovernmental	1,367,641	1,638,808	1,468,102
Charges for park use	5,226,652	213,420	-
Golf charges for services	78,258	242,127	-
Concession charges for services	654,536	22,579	-
Rental charges for services	1,184,460	103,024	-
Merchandise charges for services	147,584	15,126	-
Lesson and league charges for services	249,315	93,054	-
Investment earnings (charges)	188,208	(1,500)	202,998
Fines and forfeitures	49,841	655	-
Other	368,252	5,815	39,200
Total revenues	40,674,289	2,333,108	1,710,300
<b>Expenditures:</b>			
Current:			
Park and Trail Operations	12,311,826	1,238,937	2,323,817
Recreation, Education and Natural Resources	14,551,524	664,375	810,809
Planning, Design, and Technology	3,871,284	-	602,525
General Government	7,696,322	288,482	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	83,552
Capital projects	-	-	515,040
Capital outlay	545,700	-	1,360,471
Total expenditures	38,976,656	2,191,794	5,696,214
Excess of revenues over (under) expenditures	1,697,633	141,314	(3,985,914)
<b>Other financing sources (uses):</b>			
Transfer in	54,092	-	1,011,348
Transfer (out)	(1,017,947)	-	(2,782,551)
Issuance of debt	-	-	4,572,278
Premium (discount)	-	-	432,631
Sale of capital assets	301	-	-
Total other financing sources (uses)	(963,554)	-	3,233,706
<b>Net Change in Fund Balances</b>	734,079	141,314	(752,208)
Fund balances, January 1	12,964,666	443,344	12,373,227
Fund balance, December 31	\$ 13,698,745	\$ 584,658	\$ 11,621,019

The notes to the financial statements are an integral part of this statement.

Metro - Three Rivers C.I.P.	Land Acquisition Development & Betterment	Debt Service	Other Governmental	Total Governmental
\$ -	\$ -	\$ 9,540,100	\$ -	\$ 40,699,642
3,185,116	110,717	20,000	1,509,966	9,300,350
-	-	-	6,919	5,446,991
-	-	-	581,986	902,371
-	-	-	46,152	723,267
-	-	-	96,342	1,383,826
-	-	-	21,666	184,376
-	-	-	112,849	455,218
-	51,128	143,400	92,451	676,685
-	-	-	-	50,496
-	-	-	331,437	744,704
3,185,116	161,845	9,703,500	2,799,768	60,567,926
57	10,311	-	3,094,907	18,979,855
-	361,740	-	965,039	17,353,487
-	-	-	811,459	5,285,268
2,987	-	-	289,982	8,277,773
-	-	7,205,000	-	7,205,000
-	-	1,823,391	-	1,823,391
-	-	2,500	15,036	101,088
3,306	863	-	280,355	799,564
3,178,766	1,621,896	-	267,472	6,974,305
3,185,116	1,994,810	9,030,891	5,724,250	66,799,731
-	(1,832,965)	672,609	(2,924,482)	(6,231,805)
-	490,000	-	2,335,498	3,890,938
-	-	-	(76,440)	(3,876,938)
-	-	-	1,157,722	5,730,000
-	-	-	109,544	542,175
-	512,961	-	-	513,262
-	1,002,961	-	3,526,324	6,799,437
-	(830,004)	672,609	601,842	567,632
-	4,272,039	14,826,427	6,851,678	51,731,381
\$ -	\$ 3,442,035	\$ 15,499,036	\$ 7,453,520	\$ 52,299,013

**THREE RIVERS PARK DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2018

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	567,632
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Amounts reported for governmental activities in the statement of activities are different because:

- 1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. The net effect of various miscellaneous transactions involving capital assets, including disposal, which decrease net position.

Capital outlays	\$	7,773,869	
Depreciation		(8,376,249)	
Loss on disposal of capital assets		(447)	
Proceeds from sale of land		(512,961)	
Contribution of assets to business-type activities		(60,255)	
Contribution of assets to internal service funds		(408,171)	(1,584,214)

- 2) Long-term debt service activity.

Bond principal payments	\$	7,205,000	
Change in interest payable, premium & discounts		88,721	
OPEB liability		(229,878)	
Issuance of bonds		(5,730,000)	
Compensated absences		(158,948)	1,174,895

- 3) Net change due to internal service funds incorporated into statement of activities.

Internal activity	\$	503,420	
Portion for business-type activities		157,579	660,999

- 4) Changes in unavailable revenue for activities that do not provide current financial resources.

Delinquent property taxes	\$	65,829	65,829
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Change in net position of governmental activities	\$	<u>885,141</u>
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The notes to the financial statements are an integral part of this statement.

THREE RIVERS PARK DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2018

	Original Budget	Budget as Amended	Actual	Variance Over/(Under) Amended Budget
<b>REVENUES:</b>				
Property taxes	\$ 30,927,071	\$ 30,927,071	\$ 31,159,542	\$ 232,471
Intergovernmental	1,213,207	1,282,658	1,367,641	84,983
Charges for park use	5,097,579	5,157,942	5,226,652	68,710
Golf charges for services	112,237	112,237	78,258	(33,979)
Concession charges for services	698,610	698,610	654,536	(44,074)
Rental charges for services	928,148	928,148	1,184,460	256,312
Merchandise charges for services	127,090	127,090	147,584	20,494
Lesson and league charges for services	200,000	200,000	249,315	49,315
Investment earnings	200,000	200,000	188,208	(11,792)
Fines and forfeits	25,000	25,000	49,841	24,841
Other	241,222	241,222	368,252	127,030
<b>Total revenues</b>	<b>39,770,164</b>	<b>39,899,978</b>	<b>40,674,289</b>	<b>774,311</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfer in	130,606	152,613	54,092	(98,521)
Sale of capital assets	-	-	301	301
<b>Total revenue and other financing sources</b>	<b>39,900,770</b>	<b>40,052,591</b>	<b>40,728,682</b>	<b>676,091</b>
<b>EXPENDITURES:</b>				
Park and Trail Operations	12,444,487	12,493,863	12,311,826	(182,037)
Recreation, Education, and Natural Resources	14,479,408	14,761,747	14,551,524	(210,223)
Planning, Design, and Technology	3,847,923	3,852,923	3,871,284	18,361
General Government	7,354,006	7,405,235	7,696,322	291,087
Capital outlay	430,600	629,809	545,700	(84,109)
<b>Total expenditures</b>	<b>38,556,424</b>	<b>39,143,577</b>	<b>38,976,656</b>	<b>(166,921)</b>
<b>OTHER FINANCING USES:</b>				
Transfers out	1,071,405	1,071,405	1,017,947	(53,458)
<b>Total expenditures and other financing uses</b>	<b>39,627,829</b>	<b>40,214,982</b>	<b>39,994,603</b>	<b>(220,379)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 272,941</b>	<b>\$ (162,391)</b>	<b>734,079</b>	<b>\$ 896,470</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>			<b>12,964,666</b>	
<b>FUND BALANCE AT END OF YEAR</b>			<b>\$ 13,698,745</b>	

The notes to the financial statements are an integral part of this statement.

**THREE RIVERS PARK DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - SCOTT COUNTY SPECIAL REVENUE FUND**

For the Year Ended December 31, 2018

	Original Budget	Budget as Amended	Actual	Variance Over/(Under) Amended Budget
<b>REVENUES:</b>				
Intergovernmental	\$ 1,674,691	\$ 1,674,691	\$ 1,638,808	\$ (35,883)
Charges for park use	216,048	216,048	213,420	(2,628)
Golf charges for services	329,016	329,016	242,127	(86,889)
Concession charges for services	25,329	25,329	22,579	(2,750)
Rental charges for services	82,607	82,607	103,024	20,417
Merchandise charges for services	17,000	17,000	15,126	(1,874)
Lesson and league charges for services	55,000	55,000	93,054	38,054
Investment earnings (charges)	-	-	(1,500)	(1,500)
Fines and forfeits	500	500	655	155
Other	4,250	4,250	5,815	1,565
<b>Total revenues</b>	<u>2,404,441</u>	<u>2,404,441</u>	<u>2,333,108</u>	<u>(71,333)</u>
<b>EXPENDITURES:</b>				
Park and Trail Operations	1,284,300	1,284,300	1,238,937	(45,363)
Recreation, Education, and Natural Resources	836,788	836,788	664,375	(172,413)
General Government	283,353	283,353	288,482	5,129
<b>Total expenditures</b>	<u>2,404,441</u>	<u>2,404,441</u>	<u>2,191,794</u>	<u>(212,647)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	141,314	<u>\$ 141,314</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>			<u>443,344</u>	
<b>FUND BALANCE AT END OF YEAR</b>			<u>\$ 584,658</u>	

The notes to the financial statements are an integral part of this statement.

## **PROPRIETARY FUNDS**

### **Enterprise Funds**

**Enterprise funds are used to account for Park District operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Park District's Board of Commissioners is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges and fees; and that periodic determination of net income is appropriate for accountability purposes.**

#### **Baker National Golf Course Fund**

This fund accounts for the day-to-day operations of the Baker National Golf Course and Driving Range.

#### **Hyland Hills Ski Area Fund**

This fund accounts for the day-to-day operations of the alpine ski and snowboard operation and the summer disc golf at the Hyland Hills Ski Area.

#### **Eagle Lake Golf Course Fund**

This fund accounts for the day-to-day operations of the Eagle Lake Golf Course and Driving Range.

### **Internal Service Funds**

**Internal service funds are used by the Park District to account for the financing of the worker's compensation and general insurance services, as well as equipment replacement, and pension benefits provided to other departments of the Park District.**

#### **Equipment Internal Service Fund**

This fund is used to account for the rental of vehicles and other equipment to other departments and related costs.

#### **Risk Management Internal Service Fund**

This fund is used to account for all insurance premiums, recoveries, self-funded losses, legal costs and other expenses associated with risk management activities of the Park District.

#### **State Pension Internal Service Fund**

This fund is used to provide pension benefits to other funds of the Park District on a cost reimbursement basis.



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PARK DISTRICT

THREE RIVERS PARK DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

As of December 31, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Baker National Golf Course	Hyland Hills Ski Area	Eagle Lake Golf Course	Total	
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 1,319,362	\$ 1,760,012	\$ 517,372	\$ 3,596,746	\$ 3,659,500
Customers and other receivables	1,476	39,371	-	40,847	-
Due from other governmental units	-	60,657	-	60,657	-
Prepaid items	696	6,916	-	7,612	10,757
Inventories	13,138	135,346	2,994	151,478	350,096
Total current assets	1,334,672	2,002,302	520,366	3,857,340	4,020,353
<b>Noncurrent Assets:</b>					
Capital assets:					
Nondepreciable	309,500	107,679	-	417,179	-
Depreciable	8,325,759	21,222,758	5,165,176	34,713,693	15,972,856
Accumulated depreciation	(6,767,550)	(4,942,516)	(3,299,540)	(15,009,606)	(11,461,280)
Total capital assets	1,867,709	16,387,921	1,865,636	20,121,266	4,511,576
Total noncurrent assets	1,867,709	16,387,921	1,865,636	20,121,266	4,511,576
Total assets	3,202,381	18,390,223	2,386,002	23,978,606	8,531,929
<b>Deferred Outflows of Resources related to Pensions</b>	-	-	-	-	4,933,516
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Accounts payable	-	192,307	2,551	194,858	95,735
Due to other government units	984	3,801	996	5,781	2,877
Accrued interest	-	76,625	12,950	89,575	-
Accrued liabilities	26,791	239,189	16,944	282,924	44,506
Current portion bonds payable	-	195,000	310,000	505,000	-
Current portion advance from other funds	-	88,046	-	88,046	-
Current portion compensated absences	33,450	49,950	19,030	102,430	55,140
Total current liabilities	61,225	844,918	362,471	1,268,614	198,258
<b>Noncurrent liabilities:</b>					
Bonds payable	-	5,839,120	1,015,734	6,854,854	-
Advance from other funds	-	308,041	-	308,041	-
Accrued liabilities	-	-	-	-	203,083
OPEB liabilities	38,466	49,754	47,420	135,640	-
Compensated absences	44,147	107,764	84,627	236,538	85,540
Net pension liability	-	-	-	-	19,474,591
Total noncurrent liabilities	82,613	6,304,679	1,147,781	7,535,073	19,763,214
Total liabilities	143,838	7,149,597	1,510,252	8,803,687	19,961,472
<b>Deferred Inflows of Resources related to Pensions</b>	-	-	-	-	7,452,348
<b>NET POSITION:</b>					
Net investment in capital assets	1,867,709	10,353,801	539,902	12,761,412	4,511,576
Unrestricted	1,190,834	886,825	335,848	2,413,507	(18,459,951)
Total net position	\$ 3,058,543	\$ 11,240,626	\$ 875,750	15,174,919	\$ (13,948,375)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(423,719)	
Total net position - business-type activities				\$ 14,751,200	

The notes to the financial statements are an integral part of this statement.

**THREE RIVERS PARK DISTRICT**
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS**

For the Year Ended December 31, 2018

	<b>Business-Type Activities - Enterprise Funds</b>				Governmental Activities - Internal Service Funds
	Baker National Golf Course	Hyland Hills Ski Area	Eagle Lake Golf Course	Total	
<b>OPERATING REVENUES:</b>					
Golf charges for services	\$ 1,242,710	\$ 7,443	\$ 579,252	\$ 1,829,405	\$ -
Ski & snowboard charges for services	-	2,423,588	-	2,423,588	-
Concession charges for service	197,227	943,249	24,348	1,164,824	-
Rental charges for service	314,937	640,102	59,878	1,014,917	-
Merchandise	128,138	209,065	16,539	353,742	-
Lesson and league charges for service	139,665	1,012,373	102,834	1,254,872	-
Special events charges	860	165,849	5,692	172,401	-
Interfund services used	-	-	-	-	5,184,054
Miscellaneous charges	-	171,052	-	171,052	368,690
Total operating revenues	2,023,537	5,572,721	788,543	8,384,801	5,552,744
<b>OPERATING EXPENSES:</b>					
Salaries and wages	806,553	2,239,606	476,577	3,522,736	764,493
Retirement contributions	93,711	249,777	56,943	400,431	1,689,383
Insurance contributions and other benefits	88,071	200,520	98,139	386,730	445,745
Supplies and commodities	367,914	784,634	79,165	1,231,713	975,159
Professional service fees	-	-	-	-	310,105
Repair and maintenance service fees	3,285	43,254	725	47,264	146,108
Communication	-	-	-	-	-
Utilities	59,838	303,391	38,235	401,464	53,470
Equipment rental	352,932	241,475	115,452	709,859	1,164
Claims settlements	-	-	-	-	5,892
Insurance premiums	-	-	-	-	403,155
Other services and charges	86,192	162,854	23,524	272,570	45,134
Depreciation	236,614	766,907	211,827	1,215,348	958,540
Total operating expenses	2,095,110	4,992,418	1,100,587	8,188,115	5,798,348
<b>OPERATING INCOME (LOSS)</b>	(71,573)	580,303	(312,044)	196,686	(245,604)
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Property tax revenue	-	-	349,440	349,440	-
Intergovernmental	-	-	-	-	149,930
Investment earnings (charges)	16,733	6,003	4,221	26,957	53,389
Gain (loss) on disposal of assets	-	(16,930)	-	(16,930)	148,690
Interest and fees on bonded debt	-	(185,660)	(15,052)	(200,712)	-
Other	4,493	57,720	1,811	64,024	-
Total nonoperating revenues (expenses)	21,226	(138,867)	340,420	222,779	352,009
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	(50,347)	441,436	28,376	419,465	106,405
<b>CONTRIBUTIONS:</b>					
Capital contributions	-	-	60,255	60,255	408,171
<b>TRANSFERS:</b>					
Transfer in	-	-	6,000	6,000	39,387
Transfer (out)	(8,844)	-	-	(8,844)	(50,543)
Total transfers	(8,844)	-	6,000	(2,844)	(11,156)
<b>CHANGE IN NET POSITION</b>	(59,191)	441,436	94,631	476,876	503,420
<b>NET POSITION - BEGINNING</b>	3,117,734	10,799,190	781,119	14,698,043	(14,451,795)
<b>NET POSITION - ENDING</b>	\$ 3,058,543	\$ 11,240,626	\$ 875,750	\$ 15,174,919	\$ (13,948,375)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(157,579)	
Change in net position - business-type activities				\$ 319,297	

The notes to the financial statements are an integral part of this statement.

THREE RIVERS PARK DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Baker National Golf Course	Hyland Hills Ski Area	Eagle Lake Golf Course	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Interfund services used	\$ -	\$ -	\$ -	\$ -	\$ 5,184,054
Charges for services	2,022,061	5,391,082	788,543	8,201,686	359,131
Payments to suppliers	(875,154)	(1,465,798)	(255,206)	(2,596,158)	(1,603,472)
Payments to employees	(976,331)	(2,681,858)	(606,110)	(4,264,299)	(3,172,791)
Claims and premiums paid	-	-	-	-	(366,287)
Other operating revenues	4,493	228,772	1,811	235,076	9,559
Net cash provided by (used in) operating activities	175,069	1,472,198	(70,962)	1,576,305	410,194
<b>CASHFLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Property tax revenue	-	-	349,440	349,440	-
Transfers from other funds	-	-	6,000	6,000	-
Net cash provided by (used in) noncapital financing activities	-	-	355,440	355,440	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Advances from other funds	-	263,900	-	263,900	-
Cash repaid to other funds	-	(89,054)	-	(89,054)	-
Purchase of property and equipment	-	(263,900)	-	(263,900)	(953,187)
Proceeds from the sale of property and equipment	-	-	-	-	152,704
Proceeds from the issuance of bonds	-	-	-	-	-
Principal payments on capital debt	-	(190,000)	(300,000)	(490,000)	-
Interest and fees paid on capital debt	-	(193,262)	(28,900)	(222,162)	-
Transfer from other funds	-	-	-	-	39,387
Transfer to other funds	(8,844)	-	-	(8,844)	(50,543)
Net cash (used in) capital and related financing activities	(8,844)	(472,316)	(328,900)	(810,060)	(811,639)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received (charged)	16,733	6,003	4,221	26,957	53,389
Net cash provided by (used in) investing activities	16,733	6,003	4,221	26,957	53,389
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	182,958	1,005,885	(40,201)	1,148,642	(348,056)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,136,404	754,127	557,573	2,448,104	4,007,556
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (INCLUDING RESTRICTED CASH)</b>	<u>\$ 1,319,362</u>	<u>\$ 1,760,012</u>	<u>\$ 517,372</u>	<u>\$ 3,596,746</u>	<u>\$ 3,659,500</u>

The notes to the financial statements are an integral part of this statement.

**THREE RIVERS PARK DISTRICT**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)**

For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Baker National Golf Course	Hyland Hills Ski Area	Eagle Lake Golf Course	Total	
<b>RECONCILIATION OF OPERATING (LOSS)/INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ (71,573)	\$ 580,303	\$ (312,044)	\$ 196,686	\$ (245,604)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Intergovernmental Revenue	-	-	-	-	149,930
Miscellaneous revenue (charges)	4,493	57,720	1,811	64,024	-
Depreciation	236,614	766,907	211,827	1,215,348	958,540
(Increase) decrease in:					
Receivables	(1,476)	(20,427)	-	(21,903)	-
Due from other government units	808	9,840	-	10,648	-
Prepaid expenses	373	(166)	-	207	(7,705)
Inventory	1,208	8,364	1,428	11,000	(28,214)
Deferred outflows of resources	-	-	-	-	2,508,452
Increase (decrease) in:					
Accounts payable	(8,366)	59,540	469	51,643	(36,948)
Other accrued liabilities	3,314	14,393	(178)	17,529	51,736
Due to other government units	984	2,072	(2)	3,054	535
OPEB liability	13,495	2,767	30,706	46,968	-
Compensated absences	(4,805)	(9,115)	(4,979)	(18,899)	18,188
Net pension liability	-	-	-	-	(3,147,962)
Deferred inflows of resources	-	-	-	-	189,246
Net cash provided by (used in) operating activities	<u>\$ 175,069</u>	<u>\$ 1,472,198</u>	<u>\$ (70,962)</u>	<u>\$ 1,576,305</u>	<u>\$ 410,194</u>
<b>NONCASH ACTIVITIES:</b>					
Disposal of assets	<u>\$ -</u>	<u>\$ (105,730)</u>	<u>\$ -</u>	<u>\$ (105,730)</u>	<u>\$ 4,014</u>
Property contributed by other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,255</u>	<u>\$ 60,255</u>	<u>\$ 408,171</u>
Accrued interest expense	<u>\$ -</u>	<u>\$ 76,625</u>	<u>\$ 12,950</u>	<u>\$ 89,575</u>	<u>\$ -</u>
Trade-in value of asset	<u>\$ -</u>	<u>\$ 88,800</u>	<u>\$ -</u>	<u>\$ 88,800</u>	<u>\$ -</u>
Capital debt amortization	<u>\$ -</u>	<u>\$ (5,227)</u>	<u>\$ (10,848)</u>	<u>\$ (16,075)</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.



# NOTES TO BASIC FINANCIAL STATEMENTS



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## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Three Rivers Park District, formerly known as the Hennepin County Park Reserve District and the Suburban Hennepin Regional Park District, was organized in 1957 as a special park district pursuant to authority provided by Minnesota Statutes, Chapter 398. The primary purpose of the Park District is to acquire, develop, and operate large parks, forests, and other reservations, trail systems, and wildlife sanctuaries. The Park District is governed by a seven-member Board of Commissioners; five commissioners are elected from districts within suburban Hennepin County, and two commissioners are appointed by the Hennepin County Board of Commissioners.

The accounting policies of the Park District conform to U.S. generally accepted accounting principles applicable to governmental entities, as of December 31, 2018. The following is a summary of the more significant policies:

##### **A. Financial Reporting Entity**

The accompanying financial statements of the Three Rivers Park District include the primary government (the Park District) and its component units, entities for which the Park District is considered financially accountable. The Park District may be considered financially accountable for another entity if it appoints a voting majority of the governing body, is able to impose its will on that organization, if the organization can provide financial benefits or impose financial burdens on the Park District or if the organization is fiscally dependent on the Park District. The Park District does not have any component units.

Pursuant to the terms of an agreement between the Park District and Scott County, Minnesota, the Park District provides staff, planning, land acquisition, administrative and operational services to all regional park facilities in Scott County, and keeps records of all related financial transactions. The funds and accounts relating to these activities, consisting of \$2,333,108 of revenues and \$2,191,794 of expenditures, are included in the Scott County Special Revenue Fund in the accompanying financial statements.

The Park District has entered into a joint powers agreement with Hennepin County whereby the Park District manages and operates the Glen Lake Golf and Practice Center, an executive golf facility owned by Hennepin County. Under the terms of the agreement, the Park District is reimbursed by Hennepin County for all costs incurred. All land, buildings and equipment are owned by Hennepin County. The agreement specifies that Hennepin County and the Park District will split profits on a 70/30 percent allocation, once a fund balance of \$150,000 is achieved and maintained. All activity has been recorded in a Special Revenue Fund – Glen Lake Golf Course Fund, a nonmajor fund included with the Park's other nonmajor governmental funds in these financial statements.

##### **B. Government-wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the Park District as a whole) and fund financial statements. While the fund financial statement model emphasizes major and nonmajor funds, in the government-wide model the focus is on the Park District as a whole. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term debt and obligations. The Park District generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The Park District may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross cost and the net cost per functional category, which are otherwise being supported by general revenues (property taxes, interest income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by the related program revenues, and operating and capital grants and contributions. The program revenues must be directly associated with the function or a business-type activity. Program revenues are derived directly from the program itself or from parties outside the Park District's taxpayers as a whole. The Park District does not allocate indirect expenses.

The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column includes capital-specific grants.

The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental activities column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and the change in net position.

The focus of the current financial statement reporting model is on the Park District as a whole and on the Park District's major funds, including both governmental funds and enterprise funds (by category). Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

In the fund financial statements, financial transactions and accounts of the Park District are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulation, restrictions, or limitations.

#### **Major Governmental Funds – The Park District reports the following major governmental funds:**

General Fund - The General Fund is the general operating fund of the Park District. It is used to account for all financial resources except those required to be accounted for in another fund. This fund records revenues such as property tax revenues, licenses and permits, fines and penalties, intergovernmental revenues, and interest earnings. Most of the current day-to-day operations of the governmental units are financed from this fund.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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Scott County Fund – The Special Revenue Scott County Fund is used to account for revenues and expenditures associated with all regional park facilities in Scott County per the covenants of a joint powers agreement. The revenue sources include user fees, grants, and a contribution from Scott County as agreed upon in the joint powers agreement.

G.O. Bond C.I.P. Fund – The G.O. Bond C.I.P. Fund is used to account for the acquisition or construction of major capital facilities that are financed with bonding activity, other than those that are financed by proprietary funds.

Metro-Three Rivers C.I.P. Fund – The Metro-Three Rivers C.I.P. Fund is used to account for the acquisition or construction of major capital facilities that are financed with grant activity through the Metropolitan Council.

Land Acquisition, Development and Betterment Fund – The Land Acquisition, Development and Betterment Fund is used to account for the acquisition or construction of major capital facilities, other than those that are financed by proprietary funds.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs, which are not accounted for in another fund.

**Major Proprietary Funds** – The Park District reports the following major proprietary funds:

Baker National Golf Course Fund – The Baker National Golf Course Fund is used to account for resources and payments related to the operation and maintenance of the Baker National Golf Course.

Hyland Hills Ski Area Fund – The Hyland Ski Area Fund is used to account for resources and payments related to the operation and maintenance of the Hyland Hills Ski Area.

Eagle Lake Golf Course Fund – The Eagle Lake Golf Course Fund is used to account for resources and payments related to the operation and maintenance of the Eagle Lake Golf Course.

**Other Funds** – The Park District reports the following other funds:

Internal Service Funds – Internal Service Funds are used to account for equipment rental, provided to other departments or agencies of the Park District, as well as, the worker's compensation, employee dental benefits, general insurance services, and the pension benefits to other funds of the Park District on a cost reimbursement basis.

#### **C. Measurement Focus and Basis of Accounting**

The accounting and reporting treatment applied to a fund is determined by its measurement focus.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### Governmental Funds:

- *Measurement Focus:* Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Reported fund balance is considered a measure of "available spendable resources." Governmental fund operating statements represent increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.
- *Basis of Accounting:* Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Other revenue is considered available if collected within 60 days. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.
- *Revenues:* Major revenues that are susceptible to accrual include property taxes, excluding delinquent taxes received over 60 days after year-end; intergovernmental revenues; charges for services; and interest on investments. Major revenues that are not susceptible to accrual include fees and miscellaneous revenues; such revenues are recorded only as received because they are not measurable until collected.
- *Expenditures:* Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on long-term debt, as well as expenditures related to compensated absences and OPEB, which are recognized when due.

#### Proprietary Funds:

- *Measurement Focus:* Proprietary funds are accounted for on a flow of economic resources measurement focus. This means that all assets, including capital assets, and all liabilities, including long-term liabilities, associated with fund activity are included on the balance sheets. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.
- *Basis of Accounting:* Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded at the time liabilities are incurred.
- *Operating versus Nonoperating Items:* Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Park District's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### **D. Budgets**

The Park District followed these procedures in establishing the 2018 budgetary data reflected in the financial statements:

1. The Park District's Board of Commissioners, after holding public hearings, approved an operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Park District submitted the budget to the Hennepin County (Minnesota) Board of Commissioners. The County Board may, within 15 days, veto or modify an item contained in the budget. The Park District Board may re-approve a vetoed or modified item by a two-thirds majority.
3. After adoption of a final budget and on or before five working days after December 20, the Park District certified to Hennepin County the amount of ad valorem taxes to be levied.
4. The Park District's Board may make modifications to the adopted budget by increasing or decreasing appropriations and may authorize the transfer of budgeted amounts between departments within any fund. The Park District's management may amend the budget up to the total fund level without seeking the approval of the Park District Board.
5. Expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e. personal services, commodities, contractual services, other charges, capital outlay) within each activity.
6. Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund and the following special revenue funds: Scott County, and Glen Lake Golf Course. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project reporting controls. The Board made supplemental budgetary appropriations throughout the year for the General Fund, totaling \$587,153, \$309,815 relating to encumbrances, \$151,821 relating to unanticipated grants, park use charges, and transfers, and \$125,517 for use of assigned contingencies fund balance. The Board approved the use of the General Fund assigned contingencies fund balance for park partners, and for additional funding for the 2018 maintenance union contract. There were no supplemental budgetary appropriations for Scott County Special Revenue Fund and for Glen Lake Golf Course.
7. Budgeted amounts are as originally adopted, or as amended by the Park District Board of Commissioners. Budgeted expenditure appropriations lapse at year-end. Encumbrances represent purchase commitments. Encumbrances outstanding at year-end are reported in fund balances since they do not constitute expenditures or liabilities.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### **E. Cash, Cash Equivalents, and Investments**

Cash balances for all funds, except for small amounts on hand or in Park District depositories are deposited in pooled accounts of Hennepin County. The County invests cash surpluses for these accounts. Investment earnings, including gains and losses on sales of securities, are allocated to the Park District's funds on the basis of average cash balances. Cash balances in the G.O. Bond Fund are invested by the Park District directly and investment earnings, including gains and losses on sales of securities, are allocated to the Park District's G.O. Bond Fund. Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less from the time of purchase. For purposes of the statement of cash flows, the Proprietary Funds consider all unrestricted investments held in the pooled accounts of Hennepin County to be cash equivalents because this pool is used essentially as a demand deposit account.

The Park District's pooled investments, primarily consisting of securities of the federal government or its agencies, are recorded at fair value.

#### **F. Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered, as well as short-term cash deficits. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheets of the fund financial statements.

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

#### **G. Inventories and Prepaid Items**

All inventories are valued at cost based on physical counts, which approximates a first-in, first-out basis.

Inventory in the General Fund consists of expendable supplies for consumption. The cost of inventory is recorded as an expenditure/expense when consumed (i.e., consumption method) in the General Fund, as well as, special revenue and proprietary fund types.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

#### **H. Restricted Cash and Investments**

Certain proceeds of debt service fund refunding bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### I. Capital Assets

Capital assets, which include land, buildings and structures, land improvements, furniture and equipment, machinery and automobiles, infrastructure (e.g., roads, bridges, sidewalks, and similar items), and intangible assets such as easements, are reported in the applicable governmental or business-type activity columns in the government-wide statements. Capital assets are defined as assets with an initial cost of more than \$5,000 (\$40,000 for infrastructure type assets) and an estimated useful life of greater than one year. All capital assets are recorded at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at the acquisition value as of the date of donation.

Capital outlays are recorded as expenditures in the Park District's governmental fund financial statements, which use the modified accrual basis of accounting. Capital outlays are capitalized in the Park District's government-wide and proprietary fund statements of net assets, which use the full accrual basis of accounting. Depreciation/amortization on the Park District's capital assets (including infrastructure) is recorded on a government-wide and proprietary fund basis. Capital assets not being depreciated/amortized include land, permanent easements, and construction in progress.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Asset</u>	<u>Years</u>
Improvements other than buildings	10-40
Buildings	20-40
Furnishings and equipment	3-15
Ski Jump	40
Trail systems	11-40
Street and infrastructure	10-50
Temporary easements	2
Leasehold improvements	Lesser of remaining life of lease or Life of leasehold improvements

#### J. Compensated Absences

The Park District compensates all employees upon termination for unused vacation pay, up to a maximum of 240 hours. Park District employees are also entitled to sick leave benefits upon resignation in good standing or retirement after completion of ten years of service. The amount of severance benefits is limited to one-half of their sick leave accumulation, up to a maximum of 600 hours of sick leave.

The expense and related liability for accrued vacation and sick pay is recognized when earned in the government-wide and all proprietary fund financial statements. The liability for the non-vested accumulating rights has been estimated and recorded as part of the liability for compensated absences. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation or retirement.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### **K. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund type statements of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method.

#### **L. Bond Premiums, Discounts, and Issuance Costs**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources and uses respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **M. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Park District has one item that qualifies for reporting in the category. It is the pension related deferred outflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Park District has pension related deferred inflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. The Park District also has another type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, due from other governmental units, and loans receivable.

#### **N. Interfund Transactions**

Interfund services provided are accounted for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Other interfund transactions are reported as transfers in (out).

Interfund transactions within the respective categories of governmental activities and business-type activities in the government-wide statement of activities are eliminated. The internal balances caption on the government-wide statement of net position represents interfund receivables or payables between the two types of activities: governmental and business-type.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### **O. Property Taxes**

Property tax levies are set by the Board of Commissioners in December, and are certified to Hennepin County (the County) for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

The County spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the Park District at that date. Within the fund financial statements, property taxes are accrued and recognized as revenue, excluding delinquent taxes received over 60 days after year-end. Unavailable revenue in governmental activities is susceptible to full accrual on the government-wide statements.

Real property taxes may be paid by taxpayers in two equal installments, on May 15 and October 15. The County provides tax settlements to taxing districts four times a year in January, May, June, and November.

In the governmental fund financial statements, taxes that remain unpaid at December 31 are classified as delinquent taxes receivable and are fully offset by deferred inflows of resources, because they are not known to be available to finance current expenditures. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

#### **P. Risk Management**

The Park District is exposed to various risks of loss related to torts; damage to, and destruction of, assets; errors and omissions; injuries to employees; and natural disasters. The risk management activities of the Park District are accounted for by the Risk Management Fund, an internal service fund that charges its costs to user departments. Such reimbursements are recorded as interfund services used.

The Park District insures for risks associated with general liability and property with a Minnesota Counties Intergovernmental Trust. The Risk Management Fund provides coverage of insurance premiums that will cover up to a maximum of \$1,500,000 for general liability claims and either replacement cost or actual cash value for property and equipment claims.

The Park District is self-insured for worker's compensation costs. The Park District provides coverage through the Risk Management Fund up to the retention factor of \$500,000 per occurrence. Claims in excess of that amount are covered 100% by Workers Compensation Reinsurance Agency.

In 1997, the Park District also began a self-insurance program for dental benefits. Accordingly, the Park District has not purchased outside insurance for the risk of losses to which it is exposed. Instead, the Park District management believes it is more economical to manage its risks internally and set aside assets for claim settlement. Participants in the program make premium payments to the Risk Management Internal Service Fund. The excess amount received above the claims is \$183,225 at December 31, 2018.

The liability recorded by the Risk Management Fund includes estimated settlements for claims reported but not yet settled as of December 31, 2018, estimated deductible/premium adjustments not settled as of December 31, 2018, as well as, an estimate of claims incurred but not reported. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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Changes in the fund's liability amount are as follows:

	2018	2017
Beginning of year liability	\$ 214,023	\$ 132,855
Claims and change in estimates	220,580	412,570
Claims payments	(228,033)	(331,402)
Accrued liabilities	<u>\$ 206,570</u>	<u>\$ 214,023</u>

The fund's total accrued liability for December 31, 2018 is \$206,570, of this amount \$203,083 represents the non-current liability.

#### **Q. Endowments**

The Park District receives a variety of donations from constituents and business partners that contain restrictions on their use. Most are intended to be used within one year of receipt and are accounted for in the General Donations Special Revenue Fund. The Park District does maintain three permanent funds for endowments that have extended lives due to restrictions placed on the funds by the donor. The Board of Commissioners has the authority to spend the investment earnings from the original donation and Park District policy requires all spending of these funds to be approved by the Board. Investment earnings allocated to these funds are earned and realized upon allocation to the funds. The amounts available to spend are reflected in the Net Position as expendable. The three endowments, the C.E. French Endowment, the Noerenberg Trust and the Eastman Library Trust are described below:

C.E. French Endowment – This fund accounts for the original donations of \$28,519 to honor the Park District's first Park Superintendent. At Mr. French's request, the funds are to be used for staff development and training. Mr. French's desire was that the funds remain in perpetuity.

Noerenberg Trust – This fund accounts for the original donation of \$1.2 million to fund the operation of the Noerenberg Memorial Gardens. The trust document requires the Park District maintain the original donation while allowing the Park District to spend all investment earnings on operations of the gardens.

Eastman Library Trust – This fund accounts for the original donation of \$5,025 made to create a library at Eastman Nature Center. The trust allows the Park District to spend funds on books and materials for the library, but not on regular operations. The Park District has opted to not spend the entire endowment to allow for periodic updating of library materials as needed.

#### **R. Use of Estimates**

The preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

#### **S. Net Position**

In the government-wide and proprietary fund financial statements, net position represents the difference between assets and liabilities. Net position are displayed in three components:

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted** – Consists of net assets restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted** – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

#### T. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, other long-term assets, and legally or contractually required to be maintained intact. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by formal action (resolution) of the Park District’s Board of Commissioners (the Board of Commissioners), which is the Park District’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Park District’s Board of Commissioners removes or changes the specified use by resolution.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the Park District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to Park District’s Board of Commissioners resolution, the Park District’s Chief Financial Officer is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the Park District’s policy to first use restricted resources, then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, it is the Park District’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

The Park District’s financial management plan sets the minimum unassigned fund balance for the General Fund to equal 22 percent of the ensuing year’s budget. This will ensure availability of adequate funds for the next year’s budget until property tax and park use revenues are received.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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At December 31, 2018, the unassigned fund balance of the General Fund was \$8,749,243, compared to its targeted fund balance of \$8,764,417 based on the above policy.

#### V. Defined Benefit Pension Plans

*Pensions.* For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## 2. CASH AND INVESTMENTS

### A. Components of Cash and Investments

Cash and investments at year end consist of the following:

Deposits	\$ 1,279,597
Investments	54,985,628
Cash on Hand	<u>50,568</u>
Total	<u>\$ 56,315,793</u>

### B. Deposits

In accordance with applicable Minnesota Statutes, the Park District maintains deposits at depository banks authorized by the Board of Commissioners, including checking accounts and certificates of deposits.

The following is considered the most significant risk associated with deposits:

**Custodial credit risk** – In the case of deposits, this is the risk that in the event of a bank failure, the Park District's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The Park District has no additional deposit policies addressing custodial credit risk.

At year-end, the carrying amount of the Park District's deposits was \$1,279,597 while the balance on the bank records was \$950,430. At December 31, 2018, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the Park District's agent in the Park District's name.

# THREE RIVERS PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

### C. Investments

The Park District had the following investments at year end:

Investment Type	Credit Risk		Interest Risk-Maturity Duration in Years		Total
	Rating	Agency	Less than 1	1 to 3	
US Treasury Notes	AAA	Moody's	494,668	-	494,668
Certificate of Deposit	N/A	N/A	4,587,400	1,671,800	6,259,200
Investment pools/mutual funds					
Hennepin County Investment Pool	N/R	N/R	N/A		44,509,510
PMA - 4M Fund	N/R	N/R	N/A		3,324,688
Wells Fargo money market	AAA	S & P	N/A		397,562
Total Investments					<u>\$ 54,985,628</u>

N/A – Not Applicable

N/R – Not Rated

The Park District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

The Park District has the following recurring fair value measurements as of December 31, 2018:

Investment Type	12/31/2018	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
US Treasury Notes	\$ 494,668	\$ 494,668	\$ -	\$ -
Negotiable CDs	\$ 6,259,200	-	6,259,200	-
Total/Subtotal	\$ 6,753,868	<u>\$ 494,668</u>	<u>\$ 6,259,200</u>	<u>\$ -</u>
Investment pools/mutual funds:				
Hennepin County Investment Pool	\$ 44,509,510			
PMA - 4M	\$ 3,324,688			
Wells Fargo money market	\$ 397,562			
Total	\$ 54,985,628			

The Park District's external investment pool investment with the 4M fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M fund is an unrated pool and the fair value of the position in the pool is the same as the value of pool shares. The pool is managed to maintain a portfolio weighted average maturity of no

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1. The pool measures their investment in accordance with Government Accounting Standards Board Statement No. 79, at amortized cost.

The 4M Liquid Asset Fund has no redemption requirements. The 4M Plus Fund requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period are subject to a penalty equal to 7 days interest on the amount withdrawn.

Investments are subject to various risks, the following of which are considered the most significant:

**Custodial credit risk** – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the Park District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Park District does not have a formal investment policy addressing this risk, but typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

**Credit risk** – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the Park District's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government

entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers. The Park District's investment policies do not further address credit risk.

**Concentration risk** – This is the risk associated with investing a significant portion of the Park District's investment (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as Treasuries), investment pools, and mutual funds. The Park District places no limit on the amount it may invest in any one issuer. The Park District does not have an investment in any one issuer that is in excess of 5 percent.

**Interest rate risk** – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The Park District does not have an investment policy limiting the duration of investments.

# THREE RIVERS PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

### 3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Land	\$ 91,097,159	\$ 3,426,689	\$ (512,961)	\$ -	\$ 94,010,887
Construction in progress	1,466,703	3,276,993	(3,628,282)	-	1,115,414
Permanent easements	<u>1,603,845</u>	<u>490,034</u>	<u>-</u>	<u>-</u>	<u>2,093,879</u>
Subtotal non-depreciable capital assets	94,167,707	7,193,716	(4,141,243)	-	97,220,180
Buildings and structures	64,523,561	509,516	-	-	65,033,077
Improvements other than buildings	99,366,379	1,180,216	-	-	100,546,595
Furniture and equipment	31,915,020	3,367,315	(791,993)	-	34,490,342
Infrastructure	42,887,300	44,320	-	-	42,931,620
Temporary Easements	<u>165,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,936</u>
Subtotal depreciable capital assets	<u>238,858,196</u>	<u>5,101,367</u>	<u>(791,993)</u>	<u>-</u>	<u>243,167,570</u>
Totals at historical cost	<u>333,025,903</u>	<u>12,295,083</u>	<u>(4,933,236)</u>	<u>-</u>	<u>340,387,750</u>
Less accumulated depreciation:					
Buildings and structures	(22,891,808)	(1,651,899)	-	-	(24,543,707)
Improvements other than buildings	(35,386,373)	(4,434,053)	-	-	(39,820,426)
Furniture and equipment	(21,835,288)	(2,047,300)	787,532	-	(23,095,056)
Infrastructure	(14,592,997)	(1,201,537)	-	-	(15,794,534)
Temporary Easements	<u>(165,936)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(165,936)</u>
Total accumulated depreciation	<u>(94,872,402)</u>	<u>(9,334,789)</u>	<u>787,532</u>	<u>-</u>	<u>(103,419,659)</u>
Governmental activities capital assets, net	<u>\$ 238,153,501</u>	<u>\$ 2,960,294</u>	<u>\$ (4,145,704)</u>	<u>\$ -</u>	<u>\$ 236,968,091</u>
Business-type activities:					
Land	\$ 417,179	\$ -	\$ -	\$ -	\$ 417,179
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal non-depreciable capital assets	417,179	-	-	-	417,179
Buildings and structures	17,447,797	60,255	-	-	17,508,052
Improvements other than buildings	11,997,734	-	-	-	11,997,734
Furniture and equipment	<u>5,128,240</u>	<u>352,700</u>	<u>(273,033)</u>	<u>-</u>	<u>5,207,907</u>
Subtotal depreciable capital assets	<u>34,573,771</u>	<u>412,955</u>	<u>(273,033)</u>	<u>-</u>	<u>34,713,693</u>
Totals at historical cost	<u>34,990,950</u>	<u>412,955</u>	<u>(273,033)</u>	<u>-</u>	<u>35,130,872</u>
Less accumulated depreciation:					
Buildings and structures	(3,480,964)	(444,306)	-	-	(3,925,270)
Improvements other than buildings	(7,828,628)	(443,561)	-	-	(8,272,189)
Furniture and equipment	<u>(2,651,969)</u>	<u>(327,481)</u>	<u>167,303</u>	<u>-</u>	<u>(2,812,147)</u>
Total accumulated depreciation	<u>(13,961,561)</u>	<u>(1,215,348)</u>	<u>167,303</u>	<u>-</u>	<u>(15,009,606)</u>
Business-type activities capital assets, net	<u>\$ 21,029,389</u>	<u>\$ (802,393)</u>	<u>\$ (105,730)</u>	<u>\$ -</u>	<u>\$ 20,121,266</u>

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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Depreciation expense was charged to governmental activities as follows:

Park and Trail Operations	\$ 4,774,413
Recreation, Education and Natural Resources	3,380,899
Planning, Design, and Technology	220,937
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets	<u>958,540</u>
Total depreciation expense, governmental activities	<u>\$ 9,334,789</u>

Depreciation expense was charged to business-type activities as follows:

Baker National Golf Course	\$ 236,614
Hyland Hills Ski Area	766,907
Eagle Lake Golf Course	<u>211,827</u>
Total depreciation expense, business-type activities	<u>\$ 1,215,348</u>

Included in construction-in-progress are several projects in various stages of completion. Outstanding commitments for these projects were \$3,556,728 at December 31, 2018. Funds available in the G.O. Bond Capital Projects Fund, Coon Rapids Dam Rehabilitation Fund, Maintenance and Rehabilitation Fund and the Land Acquisition Development and Betterment Fund will be used to finance these commitments.

# THREE RIVERS PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

### 4. LONG-TERM OBLIGATIONS

The bonded long-term debt obligations outstanding at year-end are summarized as follows:

	<b>Maturities</b>	<b>Rates</b>	<b>Original Issuance Amount</b>	<b>Balance December 31, 2018</b>
<b>Governmental-type activities:</b>				
2011 General Obligation Refunding Bonds	2013-2020	2.00%-3.00%	6,190,000	1,315,000
2012 General Obligation Refunding Bonds	2014-2022	3.00%-4.00%	20,090,000	9,275,000
2013 General Obligation Bonds	2015-2032	2.00%-4.25%	8,105,000	7,020,000
2013 General Obligation Refunding Bonds	2016-2023	3.00%-5.00%	7,965,000	5,300,000
2014 General Obligation Bonds	2016-2030	2.00%-3.00%	7,870,000	6,515,000
2015 General Obligation Bonds	2017-2031	3.00%-3.25%	7,965,000	7,095,000
2015 General Obligation Capital Equipment Notes	2017-2019	2.00%	710,000	240,000
2016 General Obligation Bonds	2018-2030	2.10%-3.00%	8,425,000	7,980,000
2016 General Obligation Capital Equipment Notes	2018-2020	3.00%	865,000	585,000
2017 General Obligation Bonds	2019-2031	2.50%-3.00%	8,030,000	8,030,000
2018 General Obligation Bonds	2020-2029	3.00%-5.00%	5,730,000	5,730,000
<b>Total governmental-type activities:</b>			<b>\$ 81,945,000</b>	<b>\$ 59,085,000</b>
<b>Business-type activities:</b>				
2012 General Obligation Refunding Bonds	2014-2022	2.00%	2,720,000	1,295,000
2015 General Obligation Revenue Bonds	2016-2040	3.00%-3.375%	6,465,000	5,920,000
<b>Total business-type activities:</b>			<b>\$ 9,185,000</b>	<b>\$ 7,215,000</b>

# THREE RIVERS PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Changes in long-term obligation during 2018 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental-type activities:</b>					
Bonds payable:					
General obligation bonds	\$ 60,560,000	\$ 5,730,000	\$ (7,205,000)	\$ 59,085,000	\$ 7,395,000
Plus unamortized bond premiums	3,412,387	542,175	(643,664)	3,310,898	-
Total bonds payable	63,972,387	6,272,175	(7,848,664)	62,395,898	7,395,000
OPEB liability	1,686,394	353,095	(65,938)	1,973,551	-
Compensated absences	3,097,783	1,777,619	(1,600,483)	3,274,919	1,477,524
Net pension liability	22,622,553	1,199,207	(4,347,169)	19,474,591	-
<b>Total governmental-type activities payable</b>	<b>91,379,117</b>	<b>9,602,096</b>	<b>(13,862,254)</b>	<b>87,118,959</b>	<b>8,872,524</b>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds	\$ 7,705,000	\$ -	\$ (490,000)	\$ 7,215,000	\$ 505,000
Plus unamortized bond premiums	160,929	-	(16,075)	144,854	-
Total bonds payable	7,865,929	-	(506,075)	7,359,854	505,000
OPEB liability	88,672	51,500	(4,532)	135,640	-
Compensated absences	357,867	103,950	(122,849)	338,968	102,430
<b>Total business-type activities payable</b>	<b>8,312,468</b>	<b>155,450</b>	<b>(633,456)</b>	<b>7,834,462</b>	<b>607,430</b>

Long-term debt maturities are as follows:

Year	Governmental-Type Activities General Obligation Bonds	
	Principal	Interest
2019	\$ 7,395,000	\$ 1,824,012
2020	7,650,000	1,621,470
2021	6,640,000	1,357,645
2022	5,830,000	1,125,957
2023	4,850,000	934,645
2024- 2028	17,190,000	2,966,349
2029- 2033	9,530,000	458,904
	<u>\$ 59,085,000</u>	<u>\$ 10,288,981</u>

### THREE RIVERS PARK DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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Year	Business-Type Activities Revenue Bonds	
	Principal	Interest
2019	\$ 505,000	\$ 206,700
2020	515,000	194,600
2021	535,000	182,150
2022	550,000	169,300
2023	220,000	159,600
2024-2028	1,190,000	696,150
2029-2033	1,380,000	505,950
2034-2038	1,600,000	279,600
2039-2040	720,000	36,619
	<u>\$ 7,215,000</u>	<u>\$ 2,430,669</u>

General Obligation bonds issued for the acquisition and development of large parks, trails, and facilities, as well as fund the computer equipment replacement plan, are backed by the full faith credit and taxing power of the Park District and are financed through the Debt Service Fund.

General Obligation Revenue bonds issued to finance the construction of the Eagle Lake Golf Course, are backed by the full faith credit and taxing power of the Park District and are supported by the Eagle Lake Golf Course Enterprise Fund and are carried as debt of this fund.

General Obligation Revenue bonds issued to finance the construction of the ski chalet and related improvements at the Hyland Lake Park Reserve, are backed by the full faith credit and taxing power of the Park District and are supported by the Hyland Hills Ski Area Enterprise Fund and are carried as debt of this fund.

The compensated absences balance represents the accumulated vacation and severance pay amounts owed to employees as of year-end. Actual payments upon termination are made from the fund to which the employee is assigned at the time employment ceases. In addition to the General Fund, the following funds are involved in paying compensated absences upon termination: Scott County Special Revenue Fund, Glen Lake Special Revenue Fund, Baker National Golf Course Fund, Hyland Hills Ski Area Fund, Eagle Lake Golf Course Fund and the Equipment Internal Service Fund.

The OPEB liability is generally liquidated by the General Fund, Baker National Golf Course Fund, Hyland Hills Ski Area Fund, and Eagle Lake Golf Course Fund. Additional information for other post-employment benefits can be found at Note 14.

The net pension liability is generally liquidated by the State Pension internal service fund. Additional information for net pension liability can be found at Note 12.

# THREE RIVERS PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

### 5. PLEDGED REVENUE

Bond Issue	Use of Proceeds	Type	Revenue Pledged		Remaining Principal and Interest	Current Year	
			Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
2012 G.O. Refunding Bonds	Construction of Eagle Lake Golf Course	<i>Net operating revenues of Eagle Lake Golf Course and taxes levied for Debt Service</i>	100%	2019-2022	\$ 1,347,850	\$ 328,900	\$ 788,543
2015 G.O. Revenue Bonds	Construction of Hyland Hills Ski Area Chalet	<i>Net operating revenues of Hyland Hills Ski Area and taxes levied for Debt Service</i>	100%	2019-2040	\$ 8,297,819	\$ 379,600	\$ 5,572,721
Governmental G.O. Bonds and Notes	Park District Improvements	<i>Ad valorem taxes of the Debt Service Fund</i>	100%	2019-2031	\$ 69,373,981	\$ 9,028,391	\$ 9,540,100

### 6. LEASE OBLIGATION

The Park District leases golf carts under an operating lease agreement with a four-year term expiring June 2020. Rent expense for the year ended December 31, 2018 totaled \$121,637. Future minimum lease payments are as follows:

Year	Total
2019	\$ 119,612
2020	\$ 119,612

### 7. INTERFUND RECEIVABLES AND PAYABLES

Interfund borrowing is utilized for cash flow purposes. Interfund receivables and payables at December 31, 2018 are as follows:

#### A. Due To/Due From

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<b><u>Major Governmental Funds:</u></b>		
General Fund	\$ 164,242	\$ -
Scott County		84,041
Metro-Three Rivers C.I.P.	-	3,107,177
Land Acquisition Development & Betterment	3,107,177	-
<b><u>Other Governmental Funds:</u></b>		
Special Revenue Funds:		
Glen Lake Golf Course	-	80,201
<b>Total Governmental Funds</b>	<b>\$ 3,271,419</b>	<b>\$ 3,271,419</b>

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### **B. Advances to/From Other Funds**

The Park District created two internal advances to Hyland Hills Ski Area Fund for the purchase of snow grooming equipment, both will be repaid with interest. In 2015, the Land Acquisition and Development Fund made an advance in the amount of \$269,950 and in 2018 the Rehabilitation and Maintenance Fund made an advance in the amount of \$263,900. At December 31, 2018 the balances of the advances are \$132,187 in the Land Acquisition and Development fund and \$263,900 in the Rehabilitation and Maintenance fund and the Hyland Hills Ski Area Enterprise Fund reflects the total of both balances.

#### **8. INTERFUND TRANSFERS**

Interfund transfers include a number of transfers and administrative charges in accordance with the Financial Management Plan, Capital Improvement Plan, Joint Powers Agreements, and Trust Agreements. Most of these transfers are designed to allocate financial resources between funds when one fund receives benefit from the services of another fund. In addition, the transfer from the Rehabilitation and Maintenance Fund to the General Fund is to mitigate the cost of operations funded by the taxpayers. Finally, the transfers between the Noerenberg Trust Fund and the General Fund are to reimburse the General Fund for the cost of operating Noerenberg Gardens in accordance with the donor's wishes.

Transfers made during 2018 are as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 54,092	\$ (1,017,947)
G.O. Bond C.I.P. Fund	1,011,348	(2,782,551)
Land Acquisition Development & Betterment	490,000	-
Other Governmental Funds:		
Rehabilitation & Maintenance	2,092,551	(11,348)
Glen Lake Golf Course	5,000	-
General Donations	5,000	(33,007)
CRD Rehabilitation	220,000	-
Noerenberg Trust	12,947	(32,085)
Baker National Golf Course	-	(8,844)
Eagle Lake Golf Course	6,000	-
Internal Service Funds:		
Equipment	39,387	(20,000)
Risk Management	-	(30,543)
	<u>\$ 3,936,325</u>	<u>\$ (3,936,325)</u>

In addition to the above cash transfer the governmental activities transferred \$60,255 of capital assets to the Hyland Hills Ski Area fund and the Risk Management fund transferred \$5,600 of capital equipment to the Equipment Internal Service Fund.

#### **9. INTERGOVERNMENTAL REVENUE AND UNEARNED REVENUE**

Metropolitan Council Parks and Open Space grants are reported in the Capital Projects Funds. These grants are used for acquiring open space lands and for various construction projects in the Park District's parks as described in the grant agreements.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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In addition, the Park District receives regional operations and maintenance funding which is recorded in the General Fund and Lottery-in-lieu-of funding which is recorded in the Rehabilitation and Maintenance Fund and the General Fund. Such funding in 2018 amounted to \$661,056, \$1,320,968, and \$258,772 respectively.

#### 10. CONTINGENCIES

##### A. Litigation

There are several lawsuits in which the Park District is involved. Although the outcome of these lawsuits is not presently determinable, the Park District's officials estimate that the potential claims not covered by insurance resulting from such litigation would not materially affect the financial statements of the Park District. No loss has been recorded on the Park District's financial statements relating to these claims.

##### B. Audits of Federal and State Grants

The Park District receives financial assistance from federal and state government agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund.

#### 11. DEFINED BENEFIT PENSION PLANS

##### A. PLAN DESCRIPTION

The Park District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

##### 1. General Employees Retirement Fund (GERF)

All full-time and certain part-time employees (with the exception of employees covered by PEPFF) of the Park District are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. The Park District no longer has any employees who are members of the Basic Plan. All new members must participate in the Coordinated Plan.

##### 2. Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### B. BENEFITS PROVIDED

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

##### 1. GERS Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of method 1 or method 2 formulas. Only method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated Plan members is 1.2% for each of the first ten years and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. The accrual for Minneapolis Employees Retirement Fund (MERF) members is 2% for each of the first 10 years of service and 2.5% for each additional year. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Beginning January 1, 2019, benefit recipients will receive a future annual increase equal to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

##### 2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFF members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Beginning in 2019, the COLA will be fixed at 1 percent. Under funding measurements from 2017, the 2.5 percent COLA trigger was never expected to occur and was subsequently removed from law. Post retirement increases are given each year except for annuitants who have been receiving a benefit for only 31 to 41 months. These annuitants will receive a prorated amount of the increase on a sliding scale.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### C. CONTRIBUTIONS

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

##### 1. GERP Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2018. The Park District was required to contribute 7.50% for Coordinated Plan members in calendar year 2018. The Park District's contributions to the GERP for the year ended December 31, 2018, were \$1,699,601. The Park District's contributions were equal to the required contributions as set by state statute.

##### 2. PEPFF Contributions

Legislation increased both employee and employer contribution rates in the Police and Fire Plan. Employee rates increased from 10.80 percent of pay to 11.30 percent and employer rates increase from 16.20 percent to 16.95 percent on January 1, 2019. On January 1, 2020 employee rates increase to 11.80 percent and employer rates increase to 17.70 percent. The Park District's contributions to the PEPFF for the year ended December 31, 2018 were \$182,114. The Park District's contributions were equal to the required contributions as set by state statute.

#### D. PENSION COSTS

##### 1. GERP Pension Costs

At December 31, 2018, the Park District reported a liability of \$18,262,666 for its proportionate share of the GERP's net pension liability. The Park District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Park District totaled \$599,051. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Park District's proportion of the net pension liability was based on the Park District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the Park District's proportion was .3292% which was an increase of .0000% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Park District recognized pension expense of \$1,437,400 for its proportionate share of the GERP's pension expense. In addition, the Park District recognized an additional \$139,697 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

At December 31, 2018, the Park District reported its proportionate share of the GERP's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 483,382	\$ 532,642
Changes in actuarial assumptions	1,744,547	2,052,006
Differences between projected and actual investment earnings	-	1,865,665
Changes in proportion	35,052	85,122
Contributions paid to PERA subsequent to the measurement date	861,695	-
Total	<u>\$ 3,124,676</u>	<u>\$ 4,535,435</u>

\$861,695 reported as deferred outflows of resources related to pensions resulting from Park District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2019	\$ 560,812
2020	\$ (970,232)
2021	\$ (1,481,860)
2022	\$ (381,174)
2023	\$ -
Thereafter	\$ -

#### 2. PEPFF Pension Costs

At December 31, 2018, the Park District reported a liability of \$1,211,925 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Park District's proportion of the net pension liability was based on the Park District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the Park District's proportion was .1137% which was a decrease of .0053% from its proportion measured as of June 30, 2017. The Park District also recognized \$10,233 for the year ended December 31, 2018, as revenue (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

For the year ended December 31, 2018, the Park District recognized pension expense of \$4,284 for its proportionate share of the PEPFF's pension expense.

### THREE RIVERS PARK DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

At December 31, 2018, the Park District reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 50,166	\$ 290,777
Changes in actuarial assumptions	1,570,439	1,865,385
Differences between projected and actual investment earnings	-	263,034
Changes in proportion	100,592	497,717
Contributions paid to PERA subsequent to the measurement date	87,643	-
Total	<u>\$ 1,808,840</u>	<u>\$ 2,916,913</u>

\$87,643 reported as deferred outflows of resources related to pensions resulting from Park District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2019	\$ (161,312)
2020	\$ (212,481)
2021	\$ (251,177)
2022	\$ (566,751)
2023	\$ (3,995)
Thereafter	\$ -

#### E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions:

	GERF	PEPFF
Inflation	2.50% per year	2.50% per year
Salary Growth	3.25% per year after 26 years of service	3.25% per year after 25 years of service
Investment Rate of Return	7.50%	7.50%

The total pension liability for each of the defined benefit cost-sharing plans was determined by an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method. Inflation is assumed to be 2.50 percent for the GERF and PEPFF. Salary growth assumptions in the GERF decrease in annual increments from 11.25 percent after one year of service, to 3.25 percent after 26 years of service. In the PEPFF. Salary growth assumptions decrease from 12.25 percent after one year of service to 3.25 percent after 25 years of service.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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Mortality rates for all plans are based on RP-2014 mortality tables. The tables are adjusted slightly to fit PERA's experience. Actuarial assumptions for the General Employees Plan are reviewed every four to six years. The most recent six-year experience study for the General Employees Plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016.

The following changes in actuarial assumptions occurred in 2018:

#### General Employees Fund

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

#### Police and Fire Fund

- The morality projection scale was changed from MP-2016 to MP-2017.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected Real Rate of Return
Domestic Stocks	36%	5.10%
International Stocks	17%	5.30%
Bonds	20%	0.75%
Alternative Assets	25%	5.90%
Cash	2%	0.00%
Total	100%	

## F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2018 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## G. PENSION LIABILITY SENSITIVITY

The following presents the Park District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Park District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Park District's proportionate share of the GERP net pension liability	\$ 29,679,171	\$ 18,262,666	\$ 8,838,668
Park District's proportionate share of the PEPFF net pension liability	\$ 2,598,443	\$ 1,211,925	\$ 65,332

#### H. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

#### I. PENSION EXPENSE

Pension expense recognized by the Park District for the fiscal year ended December 31, 2018 is as follows:

GERP	\$ 1,577,097
PEPFF	4,284
Total	<u>1,581,381</u>

#### 12. DEFINED CONTRIBUTION PLAN

Two commissioners of the Park District are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) if the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate.

An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

Total contributions made by the Park District during fiscal year 2018 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer (Pension Expense)	Employee	Employer	Rate
\$ 2,358	\$ 2,358	5%	5%	5%

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### 13. FUND DEFICITS

The following funds had a deficit fund balance at December 31, 2018:

Other Governmental Fund:		
Glen Lake Golf Course	\$	(93,949)
Internal Service Fund		
State Pension	\$	(21,993,423)

The deficit fund balance for Glen Lake Golf Course will be eliminated through future operating profits. Because the GERF and PEPFF pension plans continue to report a net pension liability, the deficit balance of the State Pension internal service fund is not expected to be eliminated. The Park District will continue to contribute amounts to each pension plan as required by state statutes.

#### 14. Post-Employment Benefits Other Than Pensions (OPEB)

##### A. Plan Description

In addition to providing the pension benefits described in Note 11 and 12, the Park District provides post employment health care benefits, as defined in paragraph B, through its group health insurance plan (the plan). The plan is a single-employer defined benefit OPEB plan administered by the Park District. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the Park District and can be amended by the Park District through its personnel manual and collective bargaining agreements with employee groups. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

##### B. Benefits Provided

At retirement, employees of The Park District receiving a retirement or disability benefit, or eligible to receive a benefit, from a Minnesota public pensions plan (other than a volunteer firefighter plan) may continue to participate in the Park District group health insurance plan that the employee was a participant of immediately prior to retirement. Employees may obtain dependent coverage at retirement only if the employee was receiving dependent coverage immediately prior to retirement.

Retirees and spouses are eligible to remain in the Park District group health insurance plan until they attain age 65, provided the applicable premiums are paid. Retirees and spouses that elect not to continue health coverage, at any time, are not eligible to re-enroll in a Park District group health insurance plan.

Retirees that initially obtained spouse coverage may drop spouse coverage and maintain coverage for themselves; retirees may not drop coverage for themselves and maintain spouse coverage. Upon attaining age 65, retirees have the option to continue coverage in a Medicare Supplemental Plan.

Retirees, other than Officers disabled in the line-of-duty, are required to pay the entire premium (group blended) for the Park District group health insurance plan of which they are a participant until age 65, unless otherwise provided for in a collective bargaining agreement or personnel policy.

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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For Officers disabled in the line-of-duty, Minnesota Statute 299A.465 requires the Officer's employer to continue payment of the employer's contribution toward health coverage for the Officer and their spouse, if the spouse was covered at the time of disability, until age 65. During 2018, benefits were provided to 2 officers disabled in the line of duty.

Retirees who are eligible for Medicare are allowed to continue coverage in one of the Medicare Supplemental Plans and are required to contribute the entire premium.

#### **C. Participants**

As of the January 1, 2018 actuarial valuation, participants of the plan consisted of:

Active Employees	362
Inactive employees or beneficiaries	-
Currently receiving benefits	10
Total	<u>372</u>

#### **D. Total OPEB Liability and Changes in Total OPEB Liability**

The Park District's total OPEB liability of \$2,109,191 was measured as of January 1, 2018, and was determined by an actuarial valuation as of December 31, 2017. Changes in the total OPEB liability during 2018 were:

Balance - beginning of year	\$ 1,894,789
Changes for the year	
Service cost	145,190
Interest cost	75,779
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	63,903
Benefit payments	<u>(70,470)</u>
Net changes	<u>214,402</u>
Balance - end of year	<u>\$ 2,109,191</u>

There were no plan changes since the measurement date of December 31, 2017.

#### **E. Actuarial Assumptions and Other Inputs**

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Payroll growth rate	3.50%
Discount rate	3.44%
Healthcare cost trend rates	8.33% in 2018 grading to 5.00% over 10 years
Retirees' share of benefit-related costs	100%

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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Since the plan is funded on a pay-as-you-go basis, both the discount rate and the investment rate of return was based on published rate information for 20-year high quality, tax exempt, general obligation municipal bonds as of the measurement date.

Mortality rates for General employees were based on the RP-2014 employee mortality table, adjusted for White Collar and mortality improvements using projection scale MP-2015, from base year 2014.

Mortality rates for Police and Fire employees were based on the RP-2014 employee generational mortality table projected with mortality improvement scale MP-2016, from base year of 2006.

The actuarial assumptions (retirement withdrawal) used in the January 1, 2018 valuation are similar to those used to value pension liabilities for Minnesota public employees. The state pension plans base their assumptions on periodic experience studies.

Changes in assumptions and other inputs since the prior measurements date reflect change in the discount rate from 4.5% to 3.44%.

#### F. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Park District, as well as what the Park District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.34%) or 1% higher (4.44%) than the current discount rate:

	1% Decrease (2.34%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	2,309,562	2,109,191	1,927,085

#### G. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Park District, as well as what the Park District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.33% decreasing to 4.00% over 10 years) or 1% higher (9.33% decreasing to 6.00% over 10 years) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	1,843,987	2,109,191	2,427,603

## THREE RIVERS PARK DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### H. OPEB Expense and Deferred Outflows and Inflows of Resources Related To OPEB

For the year ended December 31, 2018, the Park District recognized \$227,593 of OPEB expense. At December 31, 2018, the Park District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Outflow of Resources
Changes in Actuarial Assumptions	<u>\$ 57,279.00</u>	<u>\$ -</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	OPEB Expense
2019	\$ 6,624
2020	6,624
2021	6,624
2022	6,624
2023	6,624
Thereafter	24,159
	<u>\$ 57,279</u>



# REQUIRED SUPPLEMENTARY INFORMATION



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**THREE RIVERS PARK DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

**For The Year Ended December 31, 2018**

	<u>2018</u>
Total OPEB Liability:	
Service cost	\$ 145,190
Interest cost	75,779
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	63,903
Benefit payments	<u>(70,470)</u>
Net change in total OPEB liability	214,402
Total OPEB liability - beginning	<u>1,894,789</u>
Total OPEB liability - ending	<u><u>2,109,191</u></u>
Covered-employee payroll	\$ 22,700,000
Total OPEB liability as a percentage of covered-employee payroll	9.3

\* The schedule is provided prospectively beginning with the District's fiscal year ended December 31, 2018 and is intended to show a ten year trend. Additional years will be reported as they become available.

**THREE RIVERS PARK DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -  
GENERAL EMPLOYEES RETIREMENT FUND  
For The Year Ended December 31, 2018**

Measurement Date	Fiscal Year Ending	Park District's Proportion Share (Percentage) of the Net Pension Liability	Park District's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with Park District (b)	Park District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with Park District (a+b)	Covered Payroll (c)	Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	December 31, 2015	0.3348%	\$ 17,351,074	\$ -	\$ 17,351,074	\$ 19,680,584	88.2%	78.2%
June 30, 2016	December 31, 2016	0.3280%	\$ 26,631,973	\$ 347,840	\$ 26,979,813	\$ 20,337,483	132.7%	68.9%
June 30, 2017	December 31, 2017	0.3292%	\$ 21,015,911	\$ 264,265	\$ 21,280,176	\$ 21,130,005	100.7%	75.9%
June 30, 2018	December 31, 2018	0.3292%	\$ 18,262,666	\$ 599,051	\$ 18,861,717	\$ 21,662,335	87.1%	79.5%

\* The schedule is provided prospectively beginning with the District's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

**THREE RIVERS PARK DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND**

**For The Year Ended December 31, 2018**

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered Payroll (c)</u>	<u>Contributions as a Percentage of Covered Payroll (b/c)</u>
December 31, 2015	\$1,500,386	\$1,500,386	\$0	\$20,005,570	7.5%
December 31, 2016	\$1,549,583	\$1,549,583	\$0	\$20,661,134	7.5%
December 31, 2017	\$1,612,500	\$1,612,500	\$0	\$21,500,023	7.5%
December 31, 2018	\$1,699,601	\$1,699,601	\$0	\$21,661,375	7.5%

\* The schedule is provided prospectively beginning with the District's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

**THREE RIVERS PARK DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -  
PUBLIC EMPLOYEES POLICE AND FIRE FUND  
For The Year Ended December 31, 2018**

Measurement Date	Fiscal Year Ending	Proportion (Percentage) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability (a)	Covered Payroll (b)	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	December 31, 2015	0.1460%	\$1,658,902	\$1,343,298	123.5%	86.6%
June 30, 2016	December 31, 2016	0.1340%	\$5,377,653	\$1,287,578	417.7%	63.9%
June 30, 2017	December 31, 2017	0.1190%	\$1,606,642	\$1,216,980	132.0%	85.4%
June 30, 2018	December 31, 2018	0.1137%	\$1,211,925	\$1,198,776	101.1%	88.8%

\* The schedule is provided prospectively beginning with the District's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

**THREE RIVERS PARK DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PENSION CONTRIBUTIONS - PUBLIC EMPLOYEES POLICE AND FIRE FUND  
For The Year Ended December 31, 2018**

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	\$207,461	\$207,461	\$0	\$1,280,496	16.2%
December 31, 2016	\$206,682	\$206,682	\$0	\$1,275,817	16.2%
December 31, 2017	\$194,047	\$194,047	\$0	\$1,197,819	16.2%
December 31, 2018	\$182,114	\$182,114	\$0	\$1,124,156	16.2%

\* The schedule is provided prospectively beginning with the District's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

## THREE RIVERS PARK DISTRICT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS

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#### **General Employees Retirement Fund**

##### 2018 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

##### 2017 Changes

Changes in Actuarial Assumptions:

-The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.

-The assumed post-retirement benefit increase rate from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

##### 2016 Changes

Changes in Actuarial Assumptions:

-The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.

-The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.

-Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

#### **Public Employees Police and Fire Fund**

##### 2018 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

##### 2017 Changes

Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.6 percent to 7.5 percent.

## THREE RIVERS PARK DISTRICT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS

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-The assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.

-The assumed rates of retirement were changed, resulting in fewer retirements.

-The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.

-The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

-Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

-Assumed percentage of married female members was decreased from 65 percent to 60 percent.

-Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

-The assumed percentage of female members electing Joint and Survivor annuities was increased.

-The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

#### 2016 Changes

##### Changes in Actuarial Assumptions:

-The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.

-The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.

-The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

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COMBINING AND INDIVIDUAL  
FUND STATEMENTS  
AND SCHEDULES



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## **NONMAJOR FUNDS**

### **Special Revenue Funds**

**The Special Revenue Funds account for a specific revenue source that is restricted, committed, or assigned to expenditures for particular purposes.**

#### **Rehabilitation and Maintenance**

A fund established to account for the revenues and expenditures associated with funding from the State of Minnesota and the Metropolitan Council for operations and maintenance from state funds in lieu of lottery proceeds.

#### **Glen Lake Golf Course**

This fund is used to account for activity related to operating Hennepin County's golf facility.

#### **General Donations**

This fund was established to account for the receipt and expenditure of general donations from individuals and organizations.

### **Capital Projects Funds**

**Capital projects funds account for the financial resources that are restricted, committed, or assigned to expenditures for the acquisition, development and betterment of Park District facilities other than those facilities financed by proprietary funds.**

#### **Scott-Three Rivers CIP**

A fund established to account for monies contributed by Scott County and the Park District to fund capital projects for Park District facilities in Scott County.

#### **Coon Rapids Dam (CRD) Rehabilitation**

This fund was established to account for funds for the purpose of maintaining, repairing and/or operating the Coon Rapids Dam and Walkway.

#### **General Obligation Bond Equipment**

A fund established to account for the revenue from General Obligation Bond sales. These monies will be used to fund the Technology Plan.

### **Permanent Funds**

**Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.**

#### **C.E. French Endowment**

This fund accounts for the original donations to honor the Park District's first Park Superintendent. At Mr. French's request, the funds are to be used for staff development and training. Mr. French's desire was that the funds remain in perpetuity.

#### **Noerenberg Trust**

This fund was established to account for a substantial bequest to provide ongoing revenue for annual operation of and capital improvements to the Noerenberg Memorial Gardens property, which was also part of the bequest.

#### **Eastman Library Trust**

This fund was established to account for the specific donations of which the investment earnings are used to provide additional resource materials for the library at the Eastman Nature Center in the Elm Creek Park Reserve.



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PARK DISTRICT

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**THREE RIVERS PARK DISTRICT**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

As of December 31, 2018

	Special Revenue			
	Rehabilitation & Maintenance	Glen Lake Golf Course	General Donations	Total Special Revenue
<b>ASSETS</b>				
Cash, cash equivalents, and investments	\$ 3,216,161	\$ -	\$ 868,903	\$ 4,085,064
Due from other governmental units	196,321	-	-	196,321
Advance to other funds	263,900	-	-	263,900
Prepaid items	1,451	1,928	-	3,379
Inventory	-	1,579	-	1,579
Total Assets	<u>\$ 3,677,833</u>	<u>\$ 3,507</u>	<u>\$ 868,903</u>	<u>\$ 4,550,243</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 76,545	\$ 3,059	\$ 27,752	\$ 107,356
Contracts payable	-	-	-	-
Retainage payable	8,965	-	-	8,965
Accrued liabilities	-	13,618	-	13,618
Due to other funds	-	80,201	-	80,201
Due to other government units	447	578	50	1,075
Unearned revenue	26,954	-	-	26,954
Total Liabilities	<u>112,911</u>	<u>97,456</u>	<u>27,802</u>	<u>238,169</u>
<b>Fund balances:</b>				
Nonspendable:				
Prepaid items	1,451	1,928	-	3,379
Advance	263,900	-	-	263,900
Inventory	-	1,579	-	1,579
C.E. French Endowment - non-expendable	-	-	-	-
Noerenberg Trust - non-expendable	-	-	-	-
Eastman Library - non-expendable	-	-	-	-
Restricted:				
Capital improvement projects	-	-	-	-
Maintain and rehabilitate existing facilities	2,845,581	-	-	2,845,581
C.E. French Endowment	-	-	-	-
Eastman Library	-	-	-	-
Committed:				
Maintain and rehabilitate existing facilities	453,990	-	-	453,990
Betterment of and access to facilities & programs	-	-	841,101	841,101
Assigned				
Capital improvement projects	-	-	-	-
Unassigned:	-	(97,456)	-	(97,456)
Total Fund Balances	<u>3,564,922</u>	<u>(93,949)</u>	<u>841,101</u>	<u>4,312,074</u>
Total Liabilities and Fund Balances	<u>\$ 3,677,833</u>	<u>\$ 3,507</u>	<u>\$ 868,903</u>	<u>\$ 4,550,243</u>

Capital Project				Permanent					
Scott- Three Rivers C.I.P.	CRD Rehabilitation	G.O. Bond Equipment	Total Capital Project	C.E. French Endowment	Noerenberg Trust	Eastman Library	Total Permanent	Total Nonmajor Governmental	
\$ 91,773	\$ 1,133,764	\$ 657,305	\$ 1,882,842	\$ 56,693	\$ 1,200,000	\$ 11,272	\$ 1,267,965	\$ 7,235,871	
-	10,800	-	10,800	-	-	-	-	207,121	
-	-	-	-	-	-	-	-	263,900	
-	-	62,066	62,066	-	-	-	-	65,445	
-	-	-	-	-	-	-	-	1,579	
<u>\$ 91,773</u>	<u>\$ 1,144,564</u>	<u>\$ 719,371</u>	<u>\$ 1,955,708</u>	<u>\$ 56,693</u>	<u>\$ 1,200,000</u>	<u>\$ 11,272</u>	<u>\$ 1,267,965</u>	<u>\$ 7,773,916</u>	
\$ -	\$ 2,626	\$ 53,065	\$ 55,691	\$ 152	\$ -	\$ -	\$ 152	\$ 163,199	
-	25,719	-	25,719	-	-	-	-	25,719	
-	540	-	540	-	-	-	-	9,505	
-	-	-	-	-	-	-	-	13,618	
-	-	-	-	-	-	-	-	80,201	
72	-	53	125	-	-	-	-	1,200	
-	-	-	-	-	-	-	-	26,954	
<u>72</u>	<u>28,885</u>	<u>53,118</u>	<u>82,075</u>	<u>152</u>	<u>-</u>	<u>-</u>	<u>152</u>	<u>320,396</u>	
-	-	62,066	62,066	-	-	-	-	65,445	
-	-	-	-	-	-	-	-	263,900	
-	-	-	-	-	-	-	-	1,579	
-	-	-	-	28,519	-	-	28,519	28,519	
-	-	-	-	-	1,200,000	-	1,200,000	1,200,000	
-	-	-	-	-	-	5,025	5,025	5,025	
-	-	604,187	604,187	-	-	-	-	604,187	
91,701	-	-	91,701	-	-	-	-	2,937,282	
-	-	-	-	28,022	-	-	28,022	28,022	
-	-	-	-	-	-	6,247	6,247	6,247	
-	-	-	-	-	-	-	-	453,990	
-	-	-	-	-	-	-	-	841,101	
-	1,115,679	-	1,115,679	-	-	-	-	1,115,679	
-	-	-	-	-	-	-	-	(97,456)	
<u>91,701</u>	<u>1,115,679</u>	<u>666,253</u>	<u>1,873,633</u>	<u>56,541</u>	<u>1,200,000</u>	<u>11,272</u>	<u>1,267,813</u>	<u>7,453,520</u>	
<u>\$ 91,773</u>	<u>\$ 1,144,564</u>	<u>\$ 719,371</u>	<u>\$ 1,955,708</u>	<u>\$ 56,693</u>	<u>\$ 1,200,000</u>	<u>\$ 11,272</u>	<u>\$ 1,267,965</u>	<u>\$ 7,773,916</u>	

THREE RIVERS PARK DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2018

	Special Revenue			
	Rehabilitation & Maintenance	Glen Lake Golf Course	General Donations	Total Special Revenue
<b>Revenues:</b>				
Intergovernmental	\$ 1,452,577	\$ 15,189	\$ -	\$ 1,467,766
Charges for park use	-	6,919	-	6,919
Golf charges for services	-	581,986	-	581,986
Concession charges for services	-	46,152	-	46,152
Rental charges for services	-	96,342	-	96,342
Merchandise charges for services	-	21,666	-	21,666
Lesson and league charges for service	-	112,849	-	112,849
Investment earnings	40,754	1,399	14,903	57,056
Other	669	357	330,411	331,437
Total revenues	1,494,000	882,859	345,314	2,722,173
<b>Expenditures:</b>				
Current:				
Park and Trail Operations	2,611,466	355,800	43,310	3,010,576
Recreation, Education, and Natural Resources	285,272	406,445	264,970	956,687
Planning, Design, and Technology	-	-	-	-
General Government	-	191,381	50,052	241,433
Debt Service:				
Bond issuance costs	-	-	-	-
Capital projects	23,305	-	-	23,305
Capital outlay	151,145	-	20,711	171,856
Total expenditures	3,071,188	953,626	379,043	4,403,857
Excess of revenues over (under) expenditures	(1,577,188)	(70,767)	(33,729)	(1,681,684)
<b>Other financing sources (uses):</b>				
Transfer in	2,092,551	5,000	5,000	2,102,551
Transfer (out)	(11,348)	-	(33,007)	(44,355)
Issuance of debt	-	-	-	-
Premium and discount	-	-	-	-
Total other financing sources (uses)	2,081,203	5,000	(28,007)	2,058,196
Net Change in Fund Balances	504,015	(65,767)	(61,736)	376,512
Fund balances, January 1	3,060,907	(28,182)	902,837	3,935,562
Fund balance, December 31	\$ 3,564,922	\$ (93,949)	\$ 841,101	\$ 4,312,074

Capital Projects				Permanent				Total Nonmajor Governmental
Scott- Three Rivers C.I.P.	CRD Rehabilitation	G.O. Bond Equipment	Total Capital Projects	C.E. French Endowment	Noerenberg Trust	Eastman Library	Total Permanent	
\$ 31,400	\$ 10,800	\$ -	\$ 42,200	\$ -	\$ -	\$ -	\$ -	\$ 1,509,966
-	-	-	-	-	-	-	-	6,919
-	-	-	-	-	-	-	-	581,986
-	-	-	-	-	-	-	-	46,152
-	-	-	-	-	-	-	-	96,342
-	-	-	-	-	-	-	-	21,666
-	-	-	-	-	-	-	-	112,849
1,876	11,493	1,746	15,115	966	19,138	176	20,280	92,451
-	-	-	-	-	-	-	-	331,437
33,276	22,293	1,746	57,315	966	19,138	176	20,280	2,799,768
64,138	20,193	-	84,331	-	-	-	-	3,094,907
4,103	-	-	4,103	4,237	-	12	4,249	965,039
-	-	811,459	811,459	-	-	-	-	811,459
-	-	48,549	48,549	-	-	-	-	289,982
-	-	15,036	15,036	-	-	-	-	15,036
-	40,256	216,794	257,050	-	-	-	-	280,355
5,696	10,800	79,120	95,616	-	-	-	-	267,472
73,937	71,249	1,170,958	1,316,144	4,237	-	12	4,249	5,724,250
(40,661)	(48,956)	(1,169,212)	(1,258,829)	(3,271)	19,138	164	16,031	(2,924,482)
-	220,000	-	220,000	-	12,947	-	12,947	2,335,498
-	-	-	-	-	(32,085)	-	(32,085)	(76,440)
-	-	1,157,722	1,157,722	-	-	-	-	1,157,722
-	-	109,544	109,544	-	-	-	-	109,544
-	220,000	1,267,266	1,487,266	-	(19,138)	-	(19,138)	3,526,324
(40,661)	171,044	98,054	228,437	(3,271)	-	164	(3,107)	601,842
132,362	944,635	568,199	1,645,196	59,812	1,200,000	11,108	1,270,920	6,851,678
\$ 91,701	\$ 1,115,679	\$ 666,253	\$ 1,873,633	\$ 56,541	\$ 1,200,000	\$ 11,272	\$ 1,267,813	\$ 7,453,520

**THREE RIVERS PARK DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GLEN LAKE GOLF COURSE FUND**  
For the Year Ended December 31, 2018

	Original Budget	Budget as Amended	Actual	Variance Over/(Under) Amended Budget
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 15,189	\$ 15,189
Charges for park use	5,500	5,500	6,919	1,419
Golf charges for services	645,462	645,462	581,986	(63,476)
Concession charges for services	56,000	56,000	46,152	(9,848)
Rental charges for services	92,263	92,263	96,342	4,079
Merchandise charges for services	19,376	19,376	21,666	2,290
Lesson and league charges for services	135,500	135,500	112,849	(22,651)
Investment earnings	-	-	1,399	1,399
Other	5,000	5,000	357	(4,643)
<b>Total revenues</b>	<u>959,101</u>	<u>959,101</u>	<u>882,859</u>	<u>(76,242)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfer in	-	-	5,000	5,000
<b>Total revenue and other financing sources</b>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
<b>EXPENDITURES:</b>				
Park and Trail Operations	377,002	377,002	355,800	(21,202)
Recreation, Education, and Natural Resources	404,140	404,140	406,445	2,305
General Government	177,959	177,959	191,381	13,422
<b>Total expenditures</b>	<u>959,101</u>	<u>959,101</u>	<u>953,626</u>	<u>(5,475)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(65,767)</u>	<u>\$ (65,767)</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>			<u>(28,182)</u>	
<b>FUND BALANCE AT END OF YEAR</b>			<u>\$ (93,949)</u>	

## **INTERNAL SERVICE FUNDS**

**Internal service funds are used by the Park District to account for the financing of goods or services, provided by one department to other departments of the Park District on a cost reimbursement basis.**

### **Equipment Internal Service Fund**

This fund is used to account for the rental of vehicles and other equipment to other departments and related costs.

### **Risk Management Internal Service Fund**

This fund is used to account for all insurance premiums, recoveries, self-funded losses, legal costs and other expenses associated with risk management activities of the Park District.

### **State Pension Internal Service Fund**

This fund is used to provide pension benefits to other funds of the District on a cost reimbursement basis.



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PARK DISTRICT

THREE RIVERS PARK DISTRICT

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

As of December 31, 2018

	Equipment	Risk Management	State Pension	Total
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 1,572,804	\$ 2,086,696	\$ -	\$ 3,659,500
Prepaid items	10,757			10,757
Inventories	350,096	-	-	350,096
Total current assets	1,933,657	2,086,696	-	4,020,353
<b>Noncurrent Assets:</b>				
Capital assets:				
Depreciable	15,972,856	-	-	15,972,856
Accumulated depreciation	(11,461,280)	-	-	(11,461,280)
Total capital assets	4,511,576	-	-	4,511,576
Total assets	6,445,233	2,086,696	-	8,531,929
<b>Deferred Outflows of Resources Related to Pensions</b>	-	-	4,933,516	4,933,516
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts payable	85,988	9,747	-	95,735
Accrued liabilities	44,506	-	-	44,506
Due to other government units	2,877	-	-	2,877
Current portion of compensated absences	55,140	-	-	55,140
Total current liabilities	188,511	9,747	-	198,258
<b>Noncurrent Liabilities:</b>				
Accrued liabilities	-	203,083	-	203,083
Compensated absences	85,540	-	-	85,540
Net pension liability	-	-	19,474,591	19,474,591
Total noncurrent liabilities	85,540	203,083	19,474,591	19,763,214
Total liabilities	274,051	212,830	19,474,591	19,961,472
<b>Deferred Inflows of Resources Related to Pensions</b>	-	-	7,452,348	7,452,348
<b>NET POSITION:</b>				
Net investment in capital assets	4,511,576	-	-	4,511,576
Unrestricted	1,659,606	1,873,866	(21,993,423)	(18,459,951)
Total net position	\$ 6,171,182	\$ 1,873,866	\$ (21,993,423)	\$ (13,948,375)

**THREE RIVERS PARK DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - INTERNAL SERVICE FUNDS**

For The Year Ended December 31, 2018

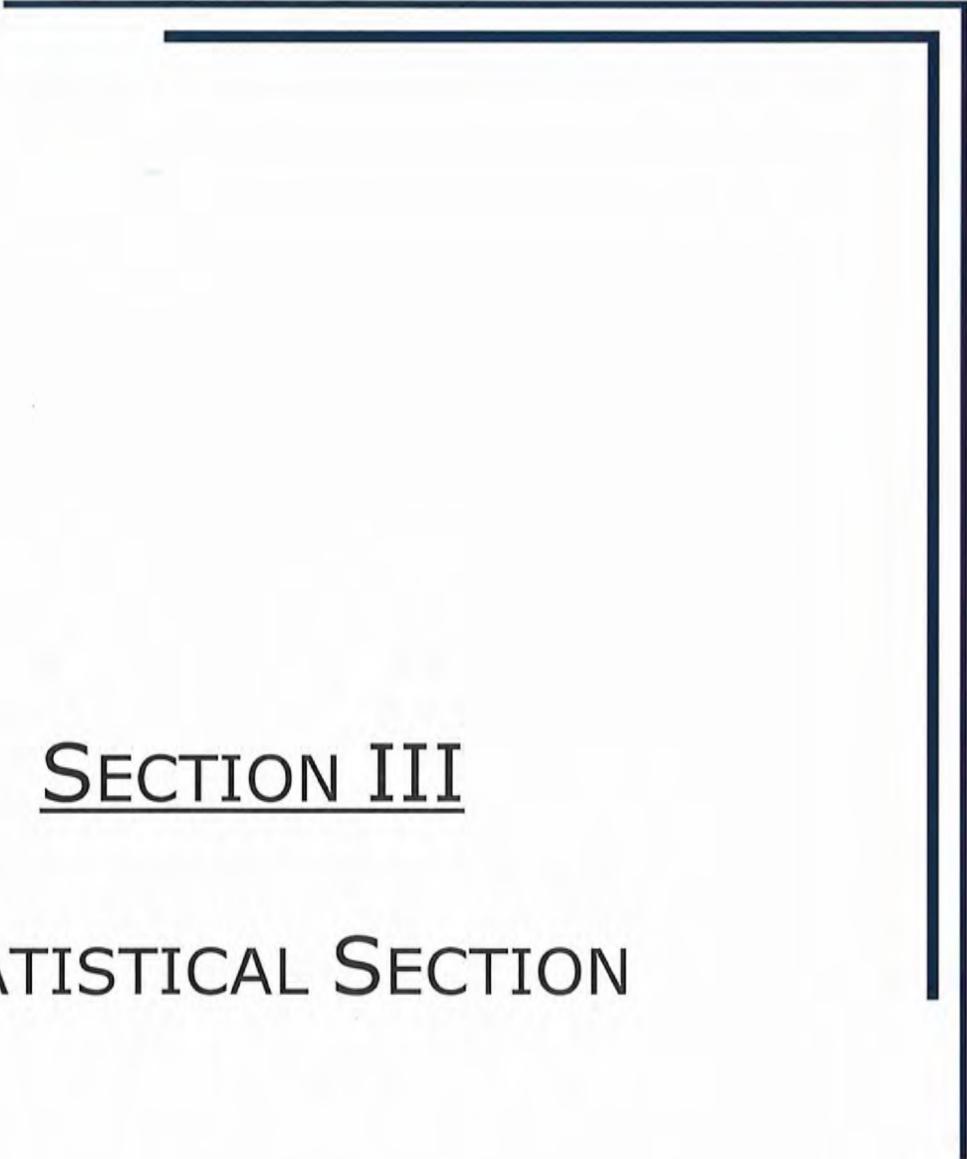
	Equipment	Risk Management	State Pension	Total
<b>OPERATING REVENUES:</b>				
Interfund services used	\$ 2,620,339	\$ 682,000	\$ 1,881,715	\$ 5,184,054
Miscellaneous charges	9,559	359,131	-	368,690
Total operating revenues	2,629,898	1,041,131	1,881,715	5,552,744
<b>OPERATING EXPENSES:</b>				
Salaries and wages	764,493	-	-	764,493
Retirement contributions	108,002	-	1,581,381	1,689,383
Insurance contributions and other benefits	139,135	306,610	-	445,745
Supplies and commodities	957,264	17,895	-	975,159
Professional service fees	-	310,105	-	310,105
Repair and maintenance service fees	99,383	46,725	-	146,108
Utilities	53,470	-	-	53,470
Equipment rental	1,164	-	-	1,164
Claims settlements	-	5,892	-	5,892
Insurances premiums	-	403,155	-	403,155
Other services and charges	45,134	-	-	45,134
Depreciation	958,540	-	-	958,540
Total operating expenses	3,126,585	1,090,382	1,581,381	5,798,348
<b>OPERATING INCOME (LOSS)</b>	(496,687)	(49,251)	300,334	(245,604)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Intergovernmental	-	-	149,930	149,930
Investment earnings	24,060	29,329	-	53,389
Gain (loss) on disposal of assets	148,690	-	-	148,690
Total nonoperating revenues (expenses)	172,750	29,329	149,930	352,009
<b>Income (loss) before contributions</b>	(323,937)	(19,922)	450,264	106,405
<b>Capital contributions</b>	408,171	-	-	408,171
<b>Transfers:</b>				
Transfer in	39,387	-	-	39,387
Transfer out	(20,000)	(30,543)	-	(50,543)
Total transfers	19,387	(30,543)	-	(11,156)
<b>Change in position</b>	103,621	(50,465)	450,264	503,420
<b>Net Position - Beginning</b>	6,067,561	1,924,331	(22,443,687)	(14,451,795)
<b>Net Position - Ending</b>	\$ 6,171,182	\$ 1,873,866	\$ (21,993,423)	\$ (13,948,375)

THREE RIVERS PARK DISTRICT

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2018

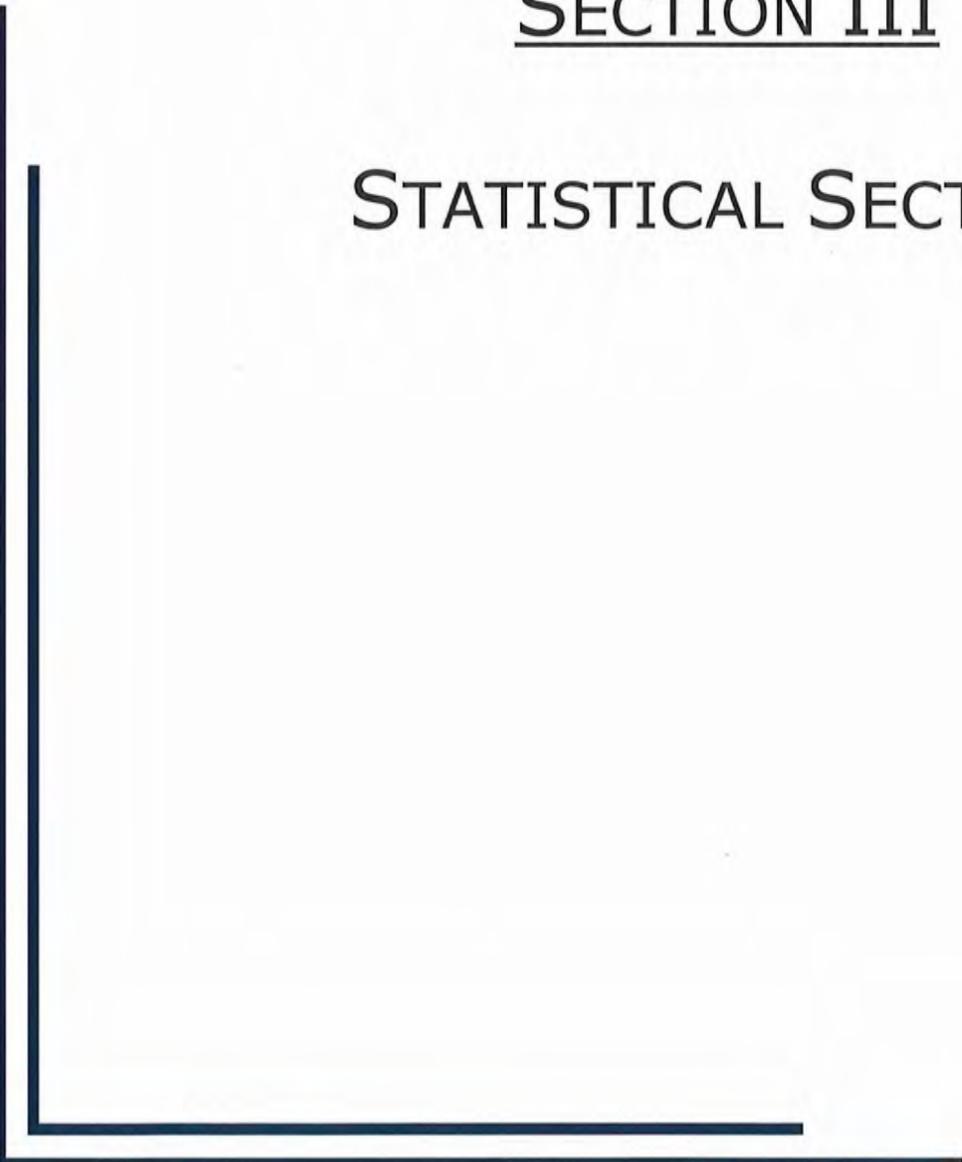
	Equipment	Risk Management	State Pension	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Interfund services used	\$ 2,620,339	\$ 682,000	\$ 1,881,715	\$ 5,184,054
Charges for services	-	359,131	-	359,131
Payments to suppliers	(1,171,823)	(431,649)	-	(1,603,472)
Payments to employees and fringe benefits	(984,466)	(306,610)	(1,881,715)	(3,172,791)
Premiums and claims paid	-	(366,287)	-	(366,287)
Other operating revenues	9,559	-	-	9,559
Net cash provided by (used in) operating activities	473,609	(63,415)	-	410,194
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of property and equipment	(947,587)	(5,600)	-	(953,187)
Sale of property	152,704	-	-	152,704
Transfers to other funds	(20,000)	(30,543)	-	(50,543)
Transfer from other funds	39,387	-	-	39,387
Net cash provided by (used in) capital and related financing activities	(775,496)	(36,143)	-	(811,639)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received/charged	18,460	34,929	-	53,389
Net cash provided by (used in) investing activities	18,460	34,929	-	53,389
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(283,427)	(64,629)	-	(348,056)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,856,231	2,151,325	-	4,007,556
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 1,572,804	\$ 2,086,696	\$ -	\$ 3,659,500
<b>RECONCILIATIONS OF OPERATING (LOSS) INCOME TO CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating (loss) income	\$ (496,687)	\$ (49,251)	\$ 300,334	\$ (245,604)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Intergovernmental Revenue	-	-	149,930	149,930
Depreciation	958,540	-	-	958,540
(Increase) decrease in:				
Prepaid items	(7,705)	-	-	(7,705)
Inventory	(28,214)	-	-	(28,214)
Deferred outflows of resources	-	-	2,508,452	2,508,452
Increase (decrease) in:				
Accounts payable	19,976	(56,924)	-	(36,948)
Other accrued liabilities	8,976	42,760	-	51,736
Due to other government units	535	-	-	535
Compensated absences	18,188	-	-	18,188
Net pension liability	-	-	(3,147,962)	(3,147,962)
Deferred inflows of resources	-	-	189,246	189,246
Net cash provided by (used in) operating activities	\$ 473,609	\$ (63,415)	\$ -	\$ 410,194
<b>NONCASH ACTIVITIES:</b>				
Disposal of assets	\$ 4,014	\$ -	\$ -	\$ 4,014
Property contributed by other funds	\$ 408,171	\$ -	\$ -	\$ 408,171
Transfer of capital asset to/from other funds	\$ 5,600	\$ (5,600)	\$ -	\$ -

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SECTION III

STATISTICAL SECTION





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## **STATISTICAL SECTION**

### **(Unaudited)**

This part of Three Rivers Park District comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Park District's overall financial health.

<b>Contents</b>	<b><u>Page</u></b>
<b>Financial Trends</b> These tables contain trend information that may assist the reader in assessing the Park Districts current financial performance by placing it in historical perspective.	<b>93</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Park District's most significant local revenue source, the property tax.	<b>102</b>
<b>Debt Capacity</b> These tables present information that may help assist the reader in analyzing the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	<b>107</b>
<b>Demographic and Economic Information</b> These tables offer economic and demographic indicators that are commonly used for financial analysis and that can help the reader understand the District's present and ongoing financial status.	<b>113</b>
<b>Operating Information</b> These tables contain service and infrastructure indicators that can help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	<b>115</b>

#### **Source:**

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.



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THREE RIVERS PARK DISTRICT

TABLE 1

NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$133,174,610	\$136,843,129	\$139,643,003	\$146,788,214	\$152,550,764	\$155,537,813	\$161,381,872	\$175,870,459	\$187,122,540	\$186,859,465
Restricted	12,613,160	14,560,018	14,107,390	14,365,637	13,670,996	15,761,541	16,662,454	17,025,262	18,093,256	18,971,111
Unrestricted	22,301,760	24,143,722	26,178,836	26,378,621	25,696,582	26,190,237	6,070,047	822,083	(2,723,382)	(2,453,021)
Total governmental activities net position	<u>\$168,089,530</u>	<u>\$175,546,869</u>	<u>\$179,929,229</u>	<u>\$187,532,472</u>	<u>\$191,918,342</u>	<u>\$197,489,591</u>	<u>\$184,114,373</u>	<u>\$193,717,804</u>	<u>\$202,492,414</u>	<u>\$203,377,555</u>
Business-type activities										
Net investment in capital assets	\$ 4,650,114	\$ 6,065,790	\$ 6,456,296	\$ 7,173,812	\$ 8,263,254	\$ 8,279,050	\$ 12,923,861	\$ 14,015,457	\$ 12,942,219	\$ 12,761,412
Restricted	179,500	179,500	179,500	-	-	-	-	-	-	-
Unrestricted	4,838,419	4,342,132	4,989,175	5,222,718	4,092,654	3,597,171	3,109,217	1,307,593	1,489,684	1,989,788
Total business-type activities net position	<u>\$ 9,668,033</u>	<u>\$ 10,587,422</u>	<u>\$ 11,624,971</u>	<u>\$ 12,396,530</u>	<u>\$ 12,355,908</u>	<u>\$ 11,876,221</u>	<u>\$ 16,033,078</u>	<u>\$ 15,323,050</u>	<u>\$ 14,431,903</u>	<u>\$ 14,751,200</u>
Primary government										
Net investment in capital assets	\$137,824,724	\$142,908,919	\$146,099,299	\$153,962,026	\$160,814,018	\$163,816,863	\$174,305,733	\$189,885,916	\$200,064,759	\$199,620,877
Restricted	12,792,660	14,739,518	14,286,890	14,365,637	13,670,996	15,761,541	16,662,454	17,025,262	18,093,256	18,971,111
Unrestricted	27,140,179	28,485,854	31,168,011	31,601,339	29,789,236	29,787,408	9,179,264	2,129,676	(1,233,698)	(463,233)
Total primary government net position	<u>\$177,757,563</u>	<u>\$186,134,291</u>	<u>\$191,554,200</u>	<u>\$199,929,002</u>	<u>\$204,274,250</u>	<u>\$209,365,812</u>	<u>\$200,147,451</u>	<u>\$209,040,854</u>	<u>\$216,924,317</u>	<u>\$218,128,755</u>

Note: GASB 65 was implemented in 2013. Net position was restated for 2013 to reflect the expensing of bond issuance costs in the year of issuance. Net position for years prior to 2013 was not restated.  
GASB 68 was implemented in 2015. Net position was restated for 2015 to reflect the reporting of the net pension liability and pension related deferred outflows and inflows of resources. Net position for years prior to 2015 was not restated.

## THREE RIVERS PARK DISTRICT

TABLE 2

CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Park and Trail Operations	\$ -	\$ -	\$ -	\$ -	\$ 23,666,083	\$ 22,511,571	\$ 24,945,695	\$ 25,463,526	\$ 24,526,248	\$ 24,232,190
Recreation, Education and Natural Resources	-	-	-	-	16,485,328	17,457,800	19,223,417	20,659,023	21,017,720	20,923,909
Planning, Design and Technology	-	-	-	-	5,418,354	6,044,002	5,521,858	5,437,672	5,286,835	5,520,771
Parks and Natural Resources	22,450,620	22,908,212	24,176,014	23,142,318	-	-	-	-	-	-
Recreation and Education	12,913,031	13,998,245	14,465,157	14,799,048	-	-	-	-	-	-
Administrative	5,983,536	5,618,990	5,532,137	5,757,010	-	-	-	-	-	-
General Government	4,379,136	4,613,448	6,095,107	4,797,268	5,781,642	5,673,433	6,098,431	6,645,439	7,117,892	7,923,130
Interest and fiscal charges on debt	2,927,314	2,735,109	2,619,496	2,259,514	2,434,257	1,327,742	1,359,205	1,319,733	1,270,612	1,293,583
Total governmental activities expenses	48,653,637	49,874,004	52,887,911	50,755,158	53,785,664	53,014,548	57,148,606	59,525,393	59,219,307	59,893,583
Business-type activities										
Baker National Golf Course	2,025,894	2,026,250	1,977,693	2,074,780	1,971,196	1,988,031	2,061,784	2,267,792	2,212,912	2,159,958
Hyland Hills Ski Area	3,268,514	3,309,185	3,620,169	3,534,015	3,671,669	4,425,321	4,555,789	4,766,622	7,329,914	5,260,436
Eagle Lake Golf Course	1,117,669	1,177,598	1,208,934	1,182,580	1,093,505	1,086,136	1,138,618	1,176,877	1,130,541	1,142,942
Total business-type activities expenses	6,412,077	6,513,033	6,806,796	6,791,375	6,736,370	7,499,488	7,756,191	8,211,291	10,673,367	8,563,336
Total primary government expenses	<u>\$ 55,065,714</u>	<u>\$ 56,387,037</u>	<u>\$ 59,694,707</u>	<u>\$ 57,546,533</u>	<u>\$ 60,522,034</u>	<u>\$ 60,514,036</u>	<u>\$ 64,904,797</u>	<u>\$ 67,736,684</u>	<u>\$ 69,892,674</u>	<u>\$ 68,456,919</u>
Program revenues										
Government activities										
Charges for services										
Recreation, Education and Natural Resources	\$ -	\$ -	\$ -	\$ -	\$ 6,657,928	\$ 7,904,923	\$ 8,265,086	\$ 8,949,308	\$ 8,228,426	\$ 8,952,937
Recreation and Education	5,973,030	6,689,291	6,664,011	7,048,995	-	-	-	-	-	-
Other Activities	176,716	252,568	216,595	291,635	869,798	62,203	58,226	61,784	14,760	143,113
Operating grants and contributions	3,480,442	4,112,555	3,636,722	3,733,506	4,708,391	4,833,395	4,695,897	5,353,495	5,692,725	5,520,624
Capital grants and contributions	5,556,220	5,509,298	5,598,201	7,052,064	7,201,422	4,246,443	12,146,763	13,568,013	12,437,952	4,125,322
Total governmental activities program revenues	15,186,408	16,563,712	16,115,529	18,126,200	19,437,539	17,046,964	25,165,972	27,932,600	26,373,863	18,741,996
Business-type activities										
Charges for services										
Baker National Golf Course	1,743,362	1,837,266	1,744,452	1,877,549	1,581,156	1,780,357	2,086,768	2,131,978	2,137,766	2,023,537
Hyland Hills Ski Area	3,964,484	3,847,220	4,055,968	3,774,019	3,956,225	3,891,579	2,471,827	3,943,245	6,424,694	5,572,721
Eagle Lake Golf Course	769,808	805,219	748,338	770,899	685,396	720,603	863,148	880,598	817,096	788,543
Operating grants and contributions	24,500	3,879	9,049	4,280	-	-	-	11,678	-	-
Capital grants and contributions	-	-	-	-	-	-	2,101,692	73,924	-	-
Total business-type activities program revenues	6,502,154	6,493,584	6,557,807	6,426,747	6,222,777	6,392,539	7,523,435	7,041,423	9,379,556	8,384,801
Total primary government program revenues	<u>\$ 21,688,562</u>	<u>\$ 23,057,296</u>	<u>\$ 22,673,336</u>	<u>\$ 24,552,947</u>	<u>\$ 25,660,316</u>	<u>\$ 23,439,503</u>	<u>\$ 32,689,407</u>	<u>\$ 34,974,023</u>	<u>\$ 35,753,419</u>	<u>\$ 27,126,797</u>

Net (expense)/revenue										
Governmental activities	\$ (33,467,229)	\$ (33,310,292)	\$ (36,772,382)	\$ (32,628,958)	\$ (34,348,125)	\$ (35,967,584)	\$ (31,982,634)	\$ (31,592,793)	\$ (32,845,444)	\$ (41,151,587)
Business-type activities	90,077	(19,449)	(248,989)	(364,628)	(513,593)	(1,106,949)	(232,756)	(1,169,868)	(1,293,811)	(178,535)
Total primary government net expense	<u>\$ (33,377,152)</u>	<u>\$ (33,329,741)</u>	<u>\$ (37,021,371)</u>	<u>\$ (32,993,586)</u>	<u>\$ (34,861,718)</u>	<u>\$ (37,074,533)</u>	<u>\$ (32,215,390)</u>	<u>\$ (32,762,661)</u>	<u>\$ (34,139,255)</u>	<u>\$ (41,330,122)</u>
General revenues and other changes in net position										
Governmental activities										
Property taxes	\$ 39,112,020	\$ 39,810,145	\$ 39,418,659	\$ 39,382,325	\$ 39,486,366	\$ 40,688,099	\$ 40,471,485	\$ 40,703,288	\$ 40,607,986	\$ 40,765,471
Unrestricted investment earnings	826,339	405,328	782,087	671,880	(230,246)	577,189	384,083	213,842	584,691	730,074
Gain on the sale of capital assets	97,347	125,686	66,050	124,766	103,365	109,011	270,235	118,023	175,588	148,991
Other	438,141	858,825	1,696,236	373,656	140,514	197,307	223,200	178,319	270,458	449,603
Transfers	<u>(284,293)</u>	<u>(432,353)</u>	<u>(808,290)</u>	<u>(320,426)</u>	<u>(358,287)</u>	<u>(32,773)</u>	<u>(4,043,801)</u>	<u>(17,248)</u>	<u>(18,669)</u>	<u>(57,411)</u>
Total governmental activities	40,189,554	40,767,631	41,154,742	40,232,201	39,141,712	41,538,833	37,305,202	41,196,224	41,620,054	42,036,728
Business-type activities										
Property taxes	409,000	382,648	390,129	341,888	337,785	342,510	341,827	341,040	345,345	349,440
Unrestricted investment earnings	168,344	100,710	81,584	89,339	47,991	42,484	(11,032)	26,210	10,255	26,957
Net unrealized gain (loss) on investments	-	-	-	-	(20,926)	2,748	(2,460)	(10,863)	-	-
Gain on the sale of capital assets	-	-	-	-	-	-	-	-	-	-
Other	19,057	23,127	6,535	384,534	46,355	16,260	17,477	86,205	28,395	64,024
Transfers	<u>284,293</u>	<u>432,353</u>	<u>808,290</u>	<u>320,426</u>	<u>167,800</u>	<u>223,260</u>	<u>4,043,801</u>	<u>17,248</u>	<u>18,669</u>	<u>57,411</u>
Total business-type activities	880,694	938,838	1,286,538	1,136,187	579,005	627,262	4,389,613	459,840	402,664	497,832
Total primary government	<u>\$ 41,070,248</u>	<u>\$ 41,706,469</u>	<u>\$ 42,441,280</u>	<u>\$ 41,368,388</u>	<u>\$ 39,720,717</u>	<u>\$ 42,166,095</u>	<u>\$ 41,694,815</u>	<u>\$ 41,656,064</u>	<u>\$ 42,022,718</u>	<u>\$ 42,534,560</u>
Change in net position										
Governmental activities	\$ 6,722,325	\$ 7,457,339	\$ 4,382,360	\$ 7,603,243	\$ 4,793,587	\$ 5,571,249	\$ 5,322,568	\$ 9,603,431	\$ 8,774,610	\$ 885,141
Business-type activities	970,771	919,389	1,037,549	771,559	65,412	(479,687)	4,156,857	(710,028)	(891,147)	319,297
Total primary government	<u>\$ 7,693,096</u>	<u>\$ 8,376,728</u>	<u>\$ 5,419,909</u>	<u>\$ 8,374,802</u>	<u>\$ 4,858,999</u>	<u>\$ 5,091,562</u>	<u>\$ 9,479,425</u>	<u>\$ 8,893,403</u>	<u>\$ 7,883,463</u>	<u>\$ 1,204,438</u>

Note: The Park District reorganized departmental functions in the Governmental Activities in fiscal year 2012, resulting in changes to the Governmental Activities reporting functions. Years prior to 2013 have not been restated.

Note: GASB 65 was implemented in 2013. Bond issuance costs are now expensed in the year of issuance. Expenses for years prior to 2013 were not restated.  
GASB 68 was implemented in 2015. Pension expense for years prior to 2015 was not restated.

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**THREE RIVERS PARK DISTRICT****TABLE 3****GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

Fiscal Year	Property Tax		
	General Purpose	Debt Service	Total
2009	28,828,700	10,283,320	39,112,020
2010	29,393,810	10,416,335	39,810,145
2011	29,107,530	10,311,129	39,418,659
2012	28,367,134	11,015,191	39,382,325
2013	27,691,010	11,795,356	39,486,366
2014	27,248,887	13,439,212	40,688,099
2015	27,411,838	13,059,647	40,471,485
2016	27,802,929	12,900,359	40,703,288
2017	28,472,627	12,135,359	40,607,986
2018	31,218,281	9,547,190	40,765,471

### THREE RIVERS PARK DISTRICT

FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)

	2009	2010	2011	2012
General Fund				
Reserved	\$ 35,528	\$ 16,157	\$ -	\$ -
Unreserved	16,133,231	17,520,546	-	-
Nonspendable	-	-	373,645	268,268
Committed	-	-	2,627,667	2,502,233
Assigned	-	-	11,784,032	5,070,138
Unassigned	-	-	2,320,109	9,205,139
Total General Fund	<u>\$ 16,168,759</u>	<u>\$ 17,536,703</u>	<u>\$ 17,105,453</u>	<u>\$ 17,045,778</u>
All other governmental funds				
Reserved	\$ 32,091,654	\$ 31,898,096	\$ -	\$ -
Unreserved reported in				
Special revenue funds	3,483,412	3,542,886	-	-
Capital projects funds	135,322	281,176	-	-
Permanent funds	51,374	37,014	-	-
Nonspendable	-	-	1,284,336	1,288,989
Restricted	-	-	34,608,187	48,466,074
Committed	-	-	6,672,701	6,804,192
Assigned	-	-	1,323,069	1,205,949
Unassigned	-	-	(137,452)	(99,704)
Total all other governmental funds	<u>\$ 35,761,762</u>	<u>\$ 35,759,172</u>	<u>\$ 43,750,841</u>	<u>\$ 57,665,500</u>

Note: The Park District implemented GASB 54 in fiscal year 2011, resulting in significant reclassification of the components of fund balance. Years prior to 2011 have not been restated.

TABLE 4

2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
489,193	381,231	358,156	256,987	299,740	144,560
2,554,597	2,800,297	2,988,308	3,051,206	2,975,291	3,134,239
4,522,930	1,785,813	1,930,217	2,114,063	1,742,335	1,670,703
9,750,656	13,085,373	13,549,802	10,926,853	7,947,300	8,749,243
<u>\$ 17,317,376</u>	<u>\$ 18,052,714</u>	<u>\$ 18,826,483</u>	<u>\$ 16,349,109</u>	<u>\$ 12,964,666</u>	<u>\$ 13,698,745</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,286,192	1,826,051	1,807,017	2,020,288	1,479,279	1,601,447
22,669,534	24,457,702	25,026,660	29,767,619	30,466,414	30,695,793
6,588,298	6,557,166	5,205,912	4,692,258	5,910,734	5,284,805
1,203,497	683,492	554,551	435,723	944,635	1,115,679
(122,739)	(107,220)	(43,512)	(16,020)	(34,347)	(97,456)
<u>\$ 31,624,782</u>	<u>\$ 33,417,191</u>	<u>\$ 32,550,628</u>	<u>\$ 36,899,868</u>	<u>\$ 38,766,715</u>	<u>\$ 38,600,268</u>

### THREE RIVERS PARK DISTRICT

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
( Modified Accrual Basis of Accounting)

	2009	2010	2011	2012
<b>Revenues</b>				
Property Taxes	\$ 39,015,815	\$ 39,880,218	\$ 39,787,280	\$ 39,535,133
Intergovernmental	8,761,502	8,639,003	9,192,033	10,655,268
Charges for park use	6,139,192	6,932,128	6,866,940	7,326,562
Investment earnings (charges)	706,003	233,748	705,566	625,683
Fines and forfeitures	104,069	109,227	95,782	82,030
Other	619,786	1,008,863	1,771,010	549,996
<b>Total Revenues</b>	<b>55,346,367</b>	<b>56,803,187</b>	<b>58,418,611</b>	<b>58,774,672</b>
<b>Expenditures</b>				
Park and Trail Operations	-	-	-	-
Recreation, Education and Natural Resources	-	-	-	-
Planning, Design and Technology	-	-	-	-
Parks and Natural Resources	20,444,693	20,474,387	21,573,643	20,844,041
Recreation and Education	10,094,669	10,414,698	10,545,141	10,592,618
Administrative	5,591,060	5,237,780	5,483,106	5,636,845
General Government	5,365,834	5,554,098	6,450,229	5,518,772
Capital outlay	15,383,790	8,959,693	8,047,924	11,116,056
Debt Service				
Principal	6,393,199	6,815,000	7,735,000	8,670,000
Interest	3,108,656	2,847,799	2,699,185	2,502,688
Bond Issuance Costs	-	-	89,170	87,198
<b>Total Expenditures</b>	<b>66,381,901</b>	<b>60,303,455</b>	<b>62,623,398</b>	<b>64,968,218</b>
Excess of revenues over (under) expenditures	(11,035,534)	(3,500,268)	(4,204,787)	(6,193,546)
<b>Other financing sources (uses)</b>				
Transfer in	2,439,034	2,632,029	2,936,752	1,842,235
Transfer (out)	(2,460,984)	(2,632,029)	(2,946,752)	(1,842,235)
Payment on refunding bonds	(11,825,000)	-	-	(6,535,000)
Payment to refunded bond escrow agent	-	-	-	-
Refunding bonds issued	11,655,000	-	6,190,000	20,090,000
Issuance of debt	5,095,000	4,700,000	4,575,000	3,560,000
Premium (discount)	301,127	160,206	635,024	2,924,046
Sale of capital assets	10,479	5,416	375,182	9,484
<b>Total other financing sources (uses)</b>	<b>5,214,656</b>	<b>4,865,622</b>	<b>11,765,206</b>	<b>20,048,530</b>
<b>Net change in fund balance</b>	<b>\$ (5,820,878)</b>	<b>\$ 1,365,354</b>	<b>\$ 7,560,419</b>	<b>\$ 13,854,984</b>
Debt service as a percentage of noncapital expenditures	18.6%	18.8%	19.1%	20.7%

TABLE 5

2013	2014	2015	2016	2017	2018
\$ 39,687,213	\$ 40,429,303	\$ 40,519,924	\$ 40,733,605	\$ 40,680,324	\$ 40,699,642
11,792,002	8,844,666	15,778,174	18,474,346	17,787,759	9,300,350
7,509,863	7,952,577	8,305,559	8,996,708	8,243,186	9,096,049
(220,527)	518,051	346,585	198,155	541,359	676,685
49,617	45,042	42,324	26,063	54,353	50,496
328,696	515,986	671,133	457,802	559,023	744,704
59,146,864	58,305,625	65,663,699	68,886,679	67,866,004	60,567,926
18,939,500	17,825,422	20,321,364	19,507,443	18,896,550	18,979,855
13,400,871	14,394,451	15,899,489	16,811,870	16,763,108	17,353,487
4,971,686	5,463,962	4,966,409	4,974,879	4,875,378	5,285,268
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,744,187	6,372,439	6,400,253	6,794,998	7,539,439	8,277,773
14,658,286	8,772,778	12,426,187	16,026,319	18,110,376	7,773,869
9,660,000	10,030,000	9,660,000	10,675,000	9,595,000	7,205,000
2,347,723	1,878,141	1,944,652	1,881,634	1,845,189	1,823,391
194,805	132,827	106,220	145,174	126,939	101,088
70,917,058	64,870,020	71,724,574	76,817,317	77,751,979	66,799,731
(11,770,194)	(6,564,395)	(6,060,875)	(7,930,638)	(9,885,975)	(6,231,805)
1,430,432	2,586,601	2,793,981	4,214,780	4,002,217	3,890,938
(1,430,432)	(2,610,101)	(6,069,981)	(4,172,437)	(3,978,221)	(3,876,938)
(22,695,000)	-	-	-	-	-
(9,246,134)	-	-	-	-	-
7,965,000	-	-	-	-	-
8,530,000	8,845,000	8,675,000	9,290,000	8,030,000	5,730,000
1,436,892	268,682	416,232	453,802	314,109	542,175
10,316	1,960	152,849	16,359	274	513,262
(13,998,926)	9,092,142	5,968,081	9,802,504	8,368,379	6,799,437
<u>\$ (25,769,120)</u>	<u>\$ 2,527,747</u>	<u>\$ (92,794)</u>	<u>\$ 1,871,866</u>	<u>\$ (1,517,596)</u>	<u>\$ 567,632</u>
21.3%	21.2%	19.6%	20.7%	19.2%	15.3%

### THREE RIVERS PARK DISTRICT

TAX CAPACITY AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(In Thousands of Dollars)

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Fiscal Year	Real Property			Personal Property
	Residential Property	Commercial Property	Other Property	
2009	838,113	415,165	70,392	16,834
2010	801,774	399,140	69,622	17,088
2011	742,504	369,378	65,776	18,001
2012	678,585	359,820	66,479	18,637
2013	636,198	361,265	69,218	20,507
2014	633,794	364,799	72,191	21,072
2015	689,053	381,513	79,045	22,259
2016	728,224	410,410	89,161	23,402
2017	767,776	430,779	103,791	25,091
2018	822,382	446,773	116,084	25,655

Source: Hennepin County Taxpayer Services Division

TABLE 6

<u>Less TIF and Fiscal Disparity Contribution</u>	<u>Total Tax Capacity</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
141,885	1,198,619	3.334%	108,958,626	1.10%
126,287	1,161,337	3.499%	104,631,351	1.11%
113,602	1,082,057	3.765%	97,304,713	1.11%
97,528	1,025,993	3.943%	90,736,199	1.13%
90,935	996,253	4.054%	87,086,742	1.14%
98,526	993,330	4.169%	87,321,591	1.14%
70,244	1,101,626	3.789%	94,514,474	1.17%
103,358	1,147,839	3.601%	100,627,634	1.14%
101,965	1,225,472	3.365%	106,688,711	1.15%
106,204	1,304,690	3.161%	113,730,371	1.15%

**THREE RIVERS PARK DISTRICT**

**TABLE 7**

PROPERTY TAX CAPACITY RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

Fiscal Year	Three Rivers Park District			Overlapping Rates						Total Direct and Ovelapping Rates
				Hennepin County			Special Districts			
	Operating	Debt Service	Total	Operating	Debt Service	Total	Metropolitan Transit Commission	Metropolitan Council	Metropolitan Mosquito Control	
2009	2.432	0.902	3.334	36.891	3.522	40.413	1.273	0.817	0.489	46.326
2010	2.559	0.940	3.499	38.556	4.084	42.640	1.366	0.793	0.461	48.759
2011	2.753	1.012	3.765	40.157	5.030	45.187	1.539	0.885	0.525	51.901
2012	2.816	1.127	3.943	41.942	5.729	47.671	1.607	0.940	0.537	54.698
2013	2.820	1.234	4.054	43.051	5.975	49.026	1.689	0.997	0.556	56.322
2014	2.769	1.400	4.169	43.486	5.975	49.461	1.703	1.069	0.563	56.965
2015	2.545	1.244	3.789	40.843	5.555	46.398	1.523	0.976	0.507	53.193
2016	2.439	1.162	3.601	39.931	5.425	45.356	1.491	0.925	0.483	51.856
2017	2.339	1.026	3.365	39.031	5.056	44.087	1.463	0.883	0.475	50.273
2018	2.399	0.762	3.161	42.500	0.308	42.808	1.383	0.844	0.456	48.652

Note: The Park District's taxing jurisdiction includes 45 cities and a number of school districts with the authority to levy taxes against the Park District's constituency. Most taxpayers are subject to taxation by one city and one school district in addition to the taxes shown above. Due to the number of combinations of city and school district taxes, it is not practical to show the tax rates from these "underlying" entities.

Source: Hennepin County Taxpayer Services Division

## THREE RIVERS PARK DISTRICT

TABLE 8

PRINCIPAL PROPERTY TAX PAYERS  
2017 AND TEN YEARS AGO

	2017			2007		
	Tax Capacity	Rank	Percentage of Total (1)	Tax Capacity	Rank	Percentage Of Total Tax Capacity
MOAC Mall Holding LCC	\$ 16,799,250	1	1.29%	\$ 10,046,090	1	0.91%
Target Corporation	2,449,030	2	0.19%	889,436	15	0.08%
Best Buy Co., Inc.	2,369,250	3	0.18%	2,830,890	2	0.26%
Galleria Shopping Center	2,309,154	4	0.18%	1,164,372	11	0.11%
Southdale Center LLC	2,165,092	5	0.17%	2,487,232	3	0.22%
Ridgedale Center LLC	1,923,450	6	0.15%	-	-	-
ARC Wemps LLC	1,909,250	7	0.15%	-	-	-
CAPREF Eden Prairie LLC	1,859,250	8	0.14%	-	-	-
ML-AI Normandale LLC	1,786,970	9	0.14%	-	-	-
General Mills, Inc.	1,659,250	10	0.13%	1,812,890	6	0.16%
United Healthcare Services	1,602,408	11	0.12%	-	-	-
G&I VII 1550/1600 Utica LLC	1,599,250	12	0.12%	-	-	-
Normandale Holdings LLC	1,580,760	13	0.12%	-	-	-
Allianz Life Insurance Co., America	1,561,430	14	0.12%	1,036,990	13	0.09%
Prisa Arbor Lakes LLC	1,403,078	15	0.11%	-	-	-
Ridgedale Joint Venture	-	-	-	2,134,950	4	0.19%
Eden Prairie Mall LLC	-	-	-	1,999,250	5	0.18%
Cousins Properties Inc.	-	-	-	1,759,250	7	0.16%
Teachers Insurance/Annuity Assoc.	-	-	-	1,528,162	8	0.14%
Teachers Insurance/Annuity Assoc.	-	-	-	1,278,250	9	0.12%
Duke Realty Corporation	-	-	-	1,180,000	10	0.11%
ADC Telecommunications	-	-	-	1,066,450	12	0.10%
Northwest Airlines Inc.	-	-	-	984,610	14	0.09%
	<u>\$ 42,976,872</u>		<u>3.31%</u>	<u>\$ 32,198,822</u>		<u>2.92%</u>

(1) Based on the adjusted net tax capacity value of \$1,304,690,419

Source: Hennepin County Taxpayer Services Division

## THREE RIVERS PARK DISTRICT

TABLE 9

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levied	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage		Amount	Percentage
2009	39,769,160	39,024,940	98.13%	361,596	39,386,536	99.04%
2010	40,465,666	39,830,942	98.43%	24,061	39,855,003	98.49%
2011	40,465,666	39,921,457	98.66%	(26,921)	39,894,536	98.59%
2012	40,280,048	39,818,441	98.85%	(2,623)	39,815,818	98.85%
2013	40,280,048	39,951,725	99.18%	(77,306)	39,874,419	98.99%
2014	41,309,658	40,974,891	99.19%	(35,850)	40,939,041	99.10%
2015	41,207,270	40,923,435	99.31%	(45,009)	40,878,426	99.20%
2016	41,478,898	41,152,776	99.21%	(67,917)	41,084,859	99.05%
2017	41,440,519	41,102,563	99.18%	(72,278)	41,030,285	99.01%
2018	41,426,884	41,112,847	99.24%	-	41,112,847	99.24%

(1) Negative amounts in the "Collection in Subsequent Years" column reflect reductions of assessed property values.

**THREE RIVERS PARK DISTRICT**

**TABLE 10**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities		Business Type Activities			Park District Total	Percentage of Personal Income (1)	Per Capita (2)
	General Obligation Bonds	Capital Leases	Golf Revenue Bonds	General Obligation Bonds	Capital Leases			
2009	80,895,000	-	1,050,000	3,715,000	-	85,660,000	0.203%	109.50
2010	78,780,000	-	880,000	3,495,000	16,375	83,171,375	0.196%	108.04
2011	81,810,000	-	705,000	3,270,000	8,408	85,793,408	0.193%	110.67
2012	93,968,244	-	-	5,841,425	-	99,809,669	0.219%	125.93
2013	70,323,464	-	-	2,804,972	-	73,128,436	0.151%	91.66
2014	68,760,819	-	-	2,524,125	-	71,284,944	0.139%	89.02
2015	67,531,138	-	-	8,828,078	-	76,359,216	0.144%	94.20
2016	65,915,088	-	-	8,527,004	-	74,442,092	0.136%	91.62
2017	63,972,387	-	-	7,865,929	-	71,838,316	0.122%	86.76
2018	62,395,898	-	-	7,359,854	-	69,755,752	*	*

Note: Information on the Park District's outstanding debt can be found in the notes to the financial statements.

(1) - Personal Income information can be found on table 15 - Demographic and Economic Statistics.

(2) - Population information can be found on table 15 - Demographic and Economic Statistics.

\* - Information not available.

## THREE RIVERS PARK DISTRICT

TABLE 11

RATIO OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Taxable Value of Property (1)	Per Capita (2)
2009	84,610,000	9,013,847	75,596,153	0.0694%	96.63
2010	82,275,000	9,840,585	72,434,415	0.0692%	94.09
2011	85,080,000	9,890,234	75,189,766	0.0773%	97.00
2012	99,809,669	10,036,279	89,773,390	0.0989%	113.27
2013	73,128,436	9,228,684	63,899,752	0.0734%	80.09
2014	71,284,944	11,370,727	59,914,217	0.0686%	74.82
2015	76,359,216	12,793,148	63,566,068	0.0673%	78.42
2016	74,442,092	13,181,248	61,260,844	0.0609%	75.40
2017	71,838,316	14,161,151	57,677,165	0.0541%	69.66
2018	69,755,752	14,828,082	54,927,670	0.0483%	*

Note: Information on the Park District's outstanding debt can be found in the notes to the financial statements.

(1) - Estimated taxable value of property information can be found on table 6 - Tax Capacity and Value of Taxable Property.

(2) - Population information can be found on table 15 - Demographic and Economic Statistics.

\* - Information not available.

**THREE RIVERS PARK DISTRICT**

**TABLE 12**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITY DEBT  
AS OF DECEMBER 31, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Park District</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt:			
Three Rivers Park District	\$ 62,395,898	100%	<u>\$ 62,395,898</u>
Total Direct Debt			<u>62,395,898</u>
Overlapping Debt (1)			
Hennepin County	1,225,230,000	70.90%	868,688,070
Metropolitan Council	1,549,087,966	33.98%	526,380,091
Underlying Debt (2)			
School Districts	2,285,635,906	70.90%	1,620,515,857
Municipalities	1,684,531,877	70.72%	<u>1,191,300,943</u>
Total Overlapping and Underlying Debt			4,206,884,962
Total Direct, Overlapping and Underlying Debt			<u><u>\$ 4,269,280,860</u></u>

(1) - Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Park District's taxing jurisdiction (suburban Hennepin County). The percentage associated with each overlapping government represents the portion of taxable property for that government that is located in suburban Hennepin County.

(2) - Underlying Debt is the debt of governmental entities that are wholly or partially located in suburban Hennepin County. These entities comprise a portion of the Park District's taxing jurisdiction. Since portions of these entities are located outside suburban Hennepin County, only a portion of their net debt is applicable to the Park District. The percentage associated with each underlying government represents the portion of taxable property that is located in suburban Hennepin County.

Source: Hennepin County Taxpayer Services Division

### THREE RIVERS PARK DISTRICT

#### LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013
Debt limit	\$ 544,793,130	\$ 523,156,756	\$ 486,523,567	\$ 453,680,996	\$ 435,433,714
Total net debt applicable to limit	74,629,311	71,521,236	67,665,201	82,938,721	63,899,752
Legal debt margin	<u>\$ 470,163,819</u>	<u>\$ 451,635,520</u>	<u>\$ 418,858,366</u>	<u>\$ 370,742,275</u>	<u>\$ 371,533,962</u>
Total net debt applicable to the limit as a percentage of the debt limit	13.70%	13.67%	13.91%	18.28%	14.67%

Note: Under Minnesota law, the Park District may issue general obligation bonds provided such bonds do not cause the net debt of the Park District to exceed five-tenths of one percent (0.5%) of the taxable value of the District. In addition, no bonds shall be issued in an amount that would cause the net debt to exceed one-tenth of one percent (0.1%) of the taxable value without first obtaining the approval of the majority of the electors voting on the question at an election.

TABLE 13

2014	2015	2016	2017	2018
\$ 436,607,955	\$ 472,572,371	\$ 503,138,170	\$ 533,443,553	\$ 568,651,854
59,914,217	63,566,068	61,260,844	57,677,165	54,927,670
<u>\$ 376,693,738</u>	<u>\$ 409,006,303</u>	<u>\$ 441,877,326</u>	<u>\$ 475,766,388</u>	<u>\$ 513,724,184</u>
13.72%	13.45%	12.18%	10.81%	9.66%

Legal Debt Margin Calculation for Fiscal Year 2018

Taxable Value	\$ 113,730,370,808
Debt Limit (.5% of Taxable Value)	568,651,854
Debt applicable to limit	
General Obligation Bonds	62,395,898
General Obligation Revenue Bonds	7,359,854
Less: Amount set aside for repayment of general obligation debt	<u>14,828,082</u>
Total net debt applicable to limit	<u>54,927,670</u>
Legal Debt Margin	<u>\$ 513,724,184</u>

## THREE RIVERS PARK DISTRICT

TABLE 14

 PLEDGED REVENUE COVERAGE  
 LAST TEN FISCAL YEARS

Fiscal Year	Golf Revenue Bonds					
	Golf Fees and other revenue	Less:	Net Available Revenue	Debt Service		Coverage
		Operating Expenses		Principal	Interest	
2009	1,753,348	1,644,818	108,530	160,000	49,463	0.52
2010	1,840,988	1,649,808	191,180	170,000	43,063	0.90
2011	1,750,939	1,616,090	134,849	175,000	35,943	0.64
2012 (1)	1,882,092	1,671,396	210,696	705,000	38,325	0.28
2013	1,024,627	752,965	271,662	-	34,453	-
2014	1,064,473	777,781	286,692	270,000	51,700	0.89
2015	1,207,225	835,585	371,640	280,000	46,200	1.14
2016	1,224,723	869,226	355,497	285,000	40,550	1.09
2017	1,167,010	851,417	315,593	290,000	34,800	0.97
2018	1,142,204	888,760	253,444	300,000	28,900	0.77

Note: Information on the Park District's outstanding debt can be found in the notes to the financial statements.  
 Operating expenses do not include interest or depreciation.

(1) - The golf revenue bonds for Baker National Golf Course were paid off in 2012.

## THREE RIVERS PARK DISTRICT

TABLE 15

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands) (2)	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
2009	782,292	42,250,026	54,008	35.9	156,320	7.4%
2010	769,847	42,435,506	55,122	35.9	157,544	6.9%
2011	775,187	44,554,648	57,476	35.9	158,431	6.1%
2012	792,568	45,506,877	57,417	35.9	161,409	5.3%
2013	797,840	48,349,902	60,601	35.9	162,827	4.7%
2014	800,791	51,171,346	63,901	35.9	164,151	3.9%
2015	810,632	52,878,336	65,231	35.9	166,106	3.1%
2016	812,531	54,786,528	67,427	35.9	168,629	3.5%
2017	828,034	58,845,892	71,067	*	170,683	2.9%
2018	*	*	*	*	*	2.4%

## Data Sources

(1) - Bureau of the Census/Metropolitan Council

(2) - U.S. Department of Commerce, Bureau of Economic Analysis. Amounts shown are for Hennepin County.

(3) - Minnesota Department of Education - Fall registration

(4) - Minnesota Department of Employment and Economic Development. Percentage is for Hennepin County.

\* - Information not available.

## THREE RIVERS PARK DISTRICT

TABLE 16

PRINCIPAL EMPLOYERS  
2017 AND NINE YEARS AGO

Employer	2017			2008		
	Employees	Rank	Percent of Total State Employment	Employees	Rank	Percent of Total State Employment
Mayo Foundation	42,000	1	1.40%	*	*	*
State of Minnesota	41,000	2	1.37%	*	*	*
United States Federal Government	32,000	3	1.07%	*	*	*
Allina Health	28,000	4	0.93%	*	*	*
University of Minnesota	26,000	5	0.87%	25,000	1	3.73%
Target Corporation	26,000	6	0.87%	*	*	*
Fairview Health Services	24,000	7	0.80%	8,000	5	1.20%
HealthPartners	23,000	8	0.77%	*	*	*
Wells Fargo Bank Minnesota	20,000	9	0.67%	*	*	*
UnitedHealth Group, Inc.	17,000	10	0.57%	*	*	*
Thayer/Hidden Creek	*	*	*	11,000	2	1.64%
Abbott Northwestern Hospital	*	*	*	10,000	3	1.49%
Hennepin County	*	*	*	8,000	4	1.20%
Ameriprise Financial	*	*	*	7,000	6	1.05%
Methodist Hospital	*	*	*	7,000	7	1.05%
Park Nicollet Health Systems	*	*	*	6,000	8	0.90%
Fairview Southdale Hospital	*	*	*	5,000	9	0.75%
North Memorial Medical	*	*	*	5,000	10	0.75%
	<u>279,000</u>		<u>9.32%</u>	<u>92,000</u>		<u>13.76%</u>

Source: Hennepin County Comprehensive Annual Financial Report (CAFR) 2017  
 Statewide information from Minnesota Department of Employment and Economic Development Top Employers Statewide. Data specific to Hennepin County is no longer available.

\* - Data not available

**THREE RIVERS PARK DISTRICT**

**TABLE 17**

FULL-TIME EQUIVALENT PARK DISTRICT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS

Function	2009	2010	2011	2012	2013	2014 (2)	2015	2016	2017	2018
Park and Facility Maintenance	97.83	101.23	101.28	100.75	96.78	103.38	103.43	105.58	107.28	110.00
Wildlife Management	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	5.00	5.00
Forestry and Horticulture	18.52	16.77	16.52	16.52	16.52	17.00	17.00	16.50	17.00	17.00
Water Resources	5.00	5.00	5.00	5.00	6.00	5.00	5.00	5.00	5.00	5.00
Carpentry and Vehicle Maintenance	18.00	18.00	20.00	18.00	17.70	18.00	18.00	18.00	18.00	18.00
Visitor Center and Park Operations	35.98	35.41	35.34	32.10	35.10	58.04	60.04	63.38	72.97	70.49
Nature Center Education and Operations	61.57	60.14	61.27	63.07	62.92	74.33	75.29	75.89	74.13	76.95
Administration	24.50	24.50	24.50	21.50	20.00	19.47	20.47	19.47	20.17	21.50
Finance	12.80	12.80	12.80	12.00	12.00	10.80	10.80	10.80	10.80	11.80
Public Safety	47.25	47.25	48.00	43.25	41.25	21.00	18.00	18.00	16.00	15.00
Planning and Engineering	20.00	17.00	20.00	17.00	14.50	19.00	19.00	18.00	19.00	19.00
Marketing and Communications	10.00	10.00	10.00	10.00	11.00	11.80	11.80	13.40	17.04	17.70
Guest and Community Services	9.85	13.35	12.35	10.05	12.05	12.90	12.90	11.50	9.00	9.10
Superintendent's Office	4.70	4.20	5.50	5.50	7.20	5.50	5.20	4.70	4.75	4.70
	<u>370.80</u>	<u>370.45</u>	<u>377.36</u>	<u>359.54</u>	<u>357.82</u>	<u>381.02</u>	<u>381.73</u>	<u>385.02</u>	<u>396.14</u>	<u>401.24</u>

Notes:

- (1) - Full-time Equivalent Employees are defined as full-time and part-time employees only. Seasonal or temporary employees are not included.  
Information for Park District employees provided in Three Rivers Park District Adopted Budget Book.
- (2) - Full-time and Part-time staff increased after passage of the Health Care Reform Act of 2015. Seasonal employee hours decreased in order to avoid substantial increases in health care insurance expense.

**THREE RIVERS PARK DISTRICT**

**TABLE 18**

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Parks and Recreation										
Park Visitors (1, 2)	7,157,800	7,929,000	8,964,800	9,323,600	9,716,000	10,097,000	10,199,000	10,375,000	12,343,000	*
Picnic Site Reservations (3)	2,000	2,410	3,714	3,511	3,465	3,243	2,852	2,294	1,933	2,007
Golf										
Rounds of Golf (4)										
Baker Championship Course	32,868	34,272	33,080	34,769	27,600	30,359	34,513	35,568	34,620	32,336
Baker Evergreen Course	14,432	13,801	13,192	14,291	12,350	13,743	17,046	16,384	16,251	13,982
Eagle Lake Eagle Course	25,428	30,037	21,188	28,863	21,706	25,970	28,807	27,192	26,478	21,250
Eagle Lake Birdie Course	11,297	9,925	7,286	8,662	7,376	7,963	7,246	6,914	6,205	6,267
Cleary Lake Golf Course	21,623	19,988	19,122	18,016	15,110	14,388	15,633	15,988	15,689	14,501
Glen Lake Golf Course	31,346	30,156	26,375	28,500	24,887	26,452	32,857	33,080	31,675	27,400
Total Golf Rounds	136,994	138,179	120,243	133,101	109,029	118,875	136,102	135,126	130,918	115,736
Alpine Ski and Snowboard (4)										
Skier Visits	160,495	157,688	162,651	153,466	165,113	157,152	127,638	150,712	156,954	180,325
Days Open	114	99	115	108	115	111	103	101	100	121
Public Safety										
Number of Citations (5)	1,975	2,626	1,864	1,688	729	628	541	435	635	515

(1) - Park visitor increases from 2007-2010 are due to increases in regional trails and the ability to make snow for cross country skiing.

(2) - Visitation estimates for 2007 were adjusted to reflect the seasonal multipliers from the Metropolitan Council Regional Parks and Trails Survey 2008 so that estimates are comparable across all years.

(3) - Picnic Site Reservations provided by Finance Revenue system.

(4) - Information for Park District operations provided in Three Rivers Park District Adopted Budget Book.

(5) - Number of Citations tracked by Public Safety Law Enforcement Technology Group.

\* - Data not available

THREE RIVERS PARK DISTRICT

TABLE 19

CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Parks and Recreation										
Acreage	26,928	26,928	27,089	27,484	27,635	27,714	27,714	27,716	27,729	27,827
Regional Parks	10	10	10	10	10	10	10	10	10	10
Park Reserves	7	7	7	7	7	7	7	7	7	7
Special Recreation Features	4	4	4	4	5	6	6	6	6	6
Chlorinated Swim Ponds	2	2	2	2	2	2	2	2	2	2
Creative Play Areas	9	9	9	9	9	9	9	9	9	9
Visitor Centers	10	10	10	10	10	10	10	10	10	10
Nature Centers	3	3	3	3	3	3	3	3	3	3
Swimming Beaches	6	6	6	6	6	6	6	6	6	6
Dams	1	1	1	1	1	1	1	1	1	1
Golf										
Golf Facilities Owned	3	3	3	3	3	3	3	3	3	3
Golf Holes	54	54	54	54	54	54	54	54	54	54
Driving Ranges	4	4	4	4	4	3	3	3	3	3
Disc Golf Course	3	3	3	3	3	3	3	3	3	3
Mini Golf Course	1	1	1	1	1	1	1	1	1	1
Alpine Ski and Snowboard										
Ski Chalets	2	2	2	2	2	2	2	2	2	2
Ski Runs	17	17	17	18	18	18	18	18	18	18
Terrain Parks	3	3	3	3	3	3	3	3	3	3
Chair Lifts	3	3	3	3	3	3	3	3	3	3
Conveyor Lifts	5	5	5	5	5	5	5	5	5	5
Other Vertical Lift Systems	4	4	4	5	5	5	5	5	5	5
Tubing Lanes	20	20	20	20	20	20	12	12	12	12

(1) - Information for Park District operations provided in Three Rivers Park District Adopted Budget Book.

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*ThreeRivers*  
PARK DISTRICT



Elm Creek Park Reserve

