



Agenda Item: Discuss and Consider Approval Of Fiscal Year 2021 May Unaudited Financial Statements

Background: Below are the financial highlights from May 2021:

Quick Observations:

Net income as of May 2021, was roughly \$1.3 million after FEMA. The state HOT rebate coming in monthly has significantly improved income and cash flow compared to last year. This year, the Park Board has received roughly \$2.6 million from the state as of May 2021, compared to \$1.6 million through May 2020. Other factors contributing to the positive net income include:

- YTD local HOT collections coming in \$845k higher than at this point in 2020
- YTD Park admissions being up \$876k compared to 2020
- An \$878k reimbursement from CEPRA for the NB Babes Beach project in FY2019 – \$639k was returned to IDC and \$239k was retained by the Park Board.
- YTD Concessions up \$151k over 2020
- Overall, operating revenues are up \$2.4 million over the same period last year.

Income Statement:

• **Revenues:**

Operating revenues through May exceeded budget by roughly \$3 million, totaling approximately \$10 million. Compared to the same time last year, they're roughly \$2.4 million higher. Again, the main drivers for that were HOT coming in higher than budget for both local collections and state rebate, and Park Admissions being \$876k over budget. Seawolf Fishing and Dellanera Park camping continue to perform well compared to budget. Seawall Urban Park is experiencing the benefit of increased visitation and parking fees.

April 2021's HOT collections are reflected in the May 2021 unaudited financial statements. The taxable activity that occurred in April is reported and collected in May. Overall, local HOT collections were roughly \$1.4 million higher than budget, and the state rebate was roughly \$1.2 million higher than budget as of May 31, 2021.

Park admissions for May 2021 came in at \$672k, which was higher than budget by \$97.5k, but \$81k lower than May 2020. YTD admissions are \$2.8 million, up \$628k, or 29%, compared to budget, and up \$875k compared to this time in 2020. It should be noted that the Parks were closed in April 2020 due to COVID, and the Seawall Parking rate doubled beginning in March 2021 – these events have contributed to the large disparity between the YTD park admission from 2020 to 2021.

Grant revenues include \$222k from IDC for the offshore breakwater project and \$878k reimbursement from CEPRA for the NB Babes Beach project in FY2019. The Park Board retained \$239k of the \$878k. Grant revenues also included almost \$2 million in IDC funds for the Babe's Beach BUDM project. The full amount received from IDC has been transferred to the Army Corps of Engineers for the project. An additional \$56k was received from IDC for the Stewart Beach mitigation project.

Concessions revenue through May is \$282k, \$151k higher than last year over the same period.

Investment income continues to lag behind 2020 numbers. This is due to a new banking contract signed last year in which the bank reduced their interest rates. This illustrates the need to invest idle cash.

- **Expenses:**

Operating expense, excluding interfund transfers, through May came in at just under \$8.5 million, roughly \$1.4 million, or 17%, lower than budget (note that grant expenses have been moved to the “Other Revenue/Expense” section of the income statement).

Personnel expenses totaled roughly \$4.8 million, and were \$764k, or 13.8% lower than budget. Difficulty filling vacant and seasonal positions are contributing factors.

Materials, Services, and Supplies totaled roughly \$3.1 million, that’s roughly \$602k, or 16% lower than budget.

Capital Outlay totaled roughly \$138k. That total includes \$89 in auction proceeds that are accounted for as a reduction of expense. Otherwise, total capital expenditures were \$227k as of May 2021. That number includes the purchase of a tractor and new fencing for RA East Beach, the first payment for the JMC wave boat for Beach Patrol, a new wheel loader for Beach Cleaning, and concrete spalling repairs at Stewart Beach.

Debt service totaled \$414k.

FEMA expenditures totaled roughly \$97k. Of that total \$79k has been for Seawolf projects – pavilion demo/rip rap and site features, and \$15.6k was for Dellanera Park utilities.

Balance Sheet

The Park Board continues to have a strong balance sheet. Not including Moody assets, total assets are \$25.7 million and total liabilities were \$6.5 million.

- As of May, cash totaled \$13.5 million, up roughly \$205k from cash at 9/30/2020. However, cash balances increased by roughly \$1.3 million since the end of March 2021. Our cash balance is strong, especially when compared to the cash balance at the same time last year. Other factors contributing to the increase in cash balance since March include:
 - \$239k reimbursement from CEPRA for the NB Babes Beach project in FY2019 being retained by the park board
 - Strong performance of the local and state HOT
 - Strong performance from Park Admissions, particularly from Seawall Urban Park
 - For a full picture of the cash flows, please refer to the Statement of Cash Flows.

Of the \$13.5 million in cash, roughly \$6.2 million is unrestricted and \$7.3 million is restricted.

Financial Ratios:

- Our current ratio is 6.94

The current ratio is a liquidity ratio. That means the Park Board has \$6.94 in current assets for every \$1 in current liabilities. Anything over 1 is desirable, and 6.94 is very good. At 4/30/2021 the current ratio was 5.22. The increase in the ratio was caused by a decrease in accounts payable of \$108k, and a decrease in HOT payables of \$168k due to HOT distribution to the City made in May – however, because of the timing of HOT distributions and because the summer season sees HOT collections spike, this liability will remain higher than during the shoulder season.

- Our quick ratio is 6.4

Again, another liquidity ratio. This ratio measures cash over current liabilities. 6.4 is a very good quick ratio. At 3/31/2021 the ratio was 4.9. The same factors contributing to the reduced current ratio contributed to the reduced quick ratio.

- Solvency ratio is 0.95

This ratio takes unrestricted cash and divides it by total liabilities. It tells us how much of our total liabilities can be satisfied by unrestricted cash. The Park Board has \$0.95 in unrestricted cash for every \$1 of total liabilities. Anything over .20 is good. In April, the ratio was 0.88, an improvement of 0.07.

- Debt leverage ratio is 0.06

This means that roughly 6% of our total assets, not including Moody Garden assets, are financed by debt. Anything less than 50% is good. The debt leverage ratio remained unchanged from April 2021.

- Working capital is \$12.5 million

Working capital is a measure of a company's liquidity, operational efficiency and its short-term financial health. It is calculated by reducing current assets by current liabilities. The Park Board has strong positive working capital at \$12.5 million. At 3/31/2021 it was \$11 million.

Hotel Occupancy Tax:

May 2021 HOT performance was the best on record for May – marking the 3rd month in a row of record performance. May HOT collections were 75% higher than budget, and 27% higher than the 2nd best May on record, in 2018. The penny value for May was about \$220.7k, which was roughly \$46.6k higher than May 2018's penny value.

Right now, the projected HOT penny value for FY21 is \$2.1 million, increased from \$2 million projected in April 2021. The Smith-Travel reports indicated strong Hotel performance in May and June, which is the reason for the increased projection.

Staff Recommendation: Staff recommends approval of the fiscal year 2021 April unaudited financial statements.