



OHIO AUDITOR OF STATE
KEITH FABER



**SYLVANIA AREA JOINT RECREATION DISTRICT
LUCAS COUNTY
DECEMBER 31, 2019 AND 2018**

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**SYLVANIA AREA JOINT RECREATION DISTRICT
LUCAS COUNTY
DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITOR'S REPORT

Sylvania Area Joint Recreation District
Lucas County
7060 Sylvania Avenue
Sylvania, Ohio 43560-3528

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, and each major fund of Sylvania Area Joint Recreation District, Lucas County, Ohio (the District), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of Sylvania Recreation Corporation or Sylvania Tam-O-Shanter Sports, Inc., which represent 100 percent of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Sylvania Recreation Corporation and Sylvania Tam-O-Shanter Sports, Inc., is based solely on the report of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audits the financial statements of Sylvania Recreation Corporation and Sylvania Tam-O-Shanter Sports, Inc., in accordance with auditing standards generally accepted in the United States of America and not in accordance with Government Auditing Standards.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, and each major fund of Sylvania Area Joint Recreation District, Lucas County, Ohio, as of December 31, 2019 and 2018, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

October 19, 2020

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SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2019*

Unaudited

The discussion and analysis of the Sylvania Area Joint Recreational District's financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2019 are as follows:

- ❑ In total, net position decreased \$101,105 from 2018.
- ❑ General revenues accounted for \$2.8 million in revenue or 91% of all revenues. Program specific revenues in the form of charges for services and capital contributions accounted for 9% of total revenues of \$3.1 million.
- ❑ The District had \$3.2 million in expenses related to governmental activities; \$142,198 of these expenses were offset by program specific charges for services. General revenues (primarily taxes) had a balance of \$2.8 million.
- ❑ Among major funds, the general fund had \$1.7 million in revenues and \$1.6 million in expenditures. The general fund's fund balance increased \$76,723 to \$441,328.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2019*

Unaudited

Government-wide Statements

The government-wide statements report information about the District as a whole using accepting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position (the difference between the District's assets, liabilities, and deferred inflows of resources) is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the District's capital assets and its continued growth.
- Governmental Activities – The District's programs and services are reported here in the form of leisure time activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance District activities. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Management's Discussion and Analysis
For the Year Ended December 31, 2019

Unaudited

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table provides a comparison of the District's net position between 2019 and 2018:

	Governmental Activities	
	2019	2018
Assets:		
Current and other assets	\$3,308,541	\$3,794,445
Capital assets, Net	16,804,168	17,228,903
Total assets	20,112,709	21,023,348
Liabilities:		
Long-term debt outstanding	6,248,619	6,541,010
Other liabilities	32,414	24,245
Total liabilities	6,281,033	6,565,255
Deferred Inflows of Resources:		
Property Tax Levy for Next Fiscal Year	2,185,399	2,710,711
Net position		
Net Investment in Capital Assets	10,569,168	10,687,893
Restricted	525,299	571,176
Unrestricted	551,810	488,313
Total net position	\$11,646,277	\$11,747,382

Changes in Net position – The following table shows the changes in net position for the fiscal year 2019 and 2018:

	Governmental Activities	
	2019	2018
Revenues		
Program revenues:		
Charges for Services and Sales	\$142,198	\$30,524
Capital Grants and Contributions	132,075	34,267
General revenues:		
Property Taxes	2,473,256	2,520,452
Shared Revenues	318,481	418,955
Investment Earnings	5,470	5,973
Total revenues	3,071,480	3,010,171
Program Expenses		
Leisure Time Activities	2,158,374	2,112,451
Interest and Fiscal Charges	1,014,211	289,826
Total expenses	3,172,585	2,402,277
Total Change in Net Position	(101,105)	607,894
Beginning Net Position	11,747,382	11,139,488
Ending Net Position	\$11,646,277	\$11,747,382

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2019*

Unaudited

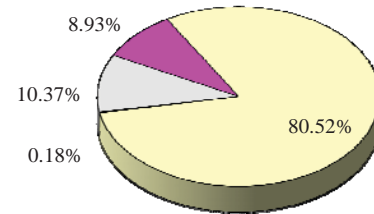
Governmental Activities

Net position of the District's governmental activities decreased by \$101,105.

Capital Grants and Contributions increased by \$97,808, primarily due to the capital asset purchases by the Sylvania Tam-O-Shanter that were donated to the Sylvania Area Joint Recreation District.

The District's reliance upon tax revenues is demonstrated by the following graph indicating 80.52% of total revenues from property tax revenues:

Revenue Sources	2019	Percent of Total
General Shared Revenues	\$318,481	10.37%
Program Revenues	274,273	8.93%
Property Tax Revenues	2,473,256	80.52%
General Other	5,470	0.18%
Total Revenue	<u>\$3,071,480</u>	<u>100.00%</u>



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$916,976, which is an increase from last year's balance of \$871,622. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2019 and 2018:

	Fund Balance December 31, 2019	Fund Balance December 31, 2018	Increase/ (Decrease)
General	\$441,328	\$364,605	\$76,723
General Obligation Debt Service	475,648	507,017	(31,369)
Total	<u>\$916,976</u>	<u>\$871,622</u>	<u>\$45,354</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2019*

Unaudited

General Fund – The District's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2019	2018	Increase
	Revenues	Revenues	(Decrease)
Property Taxes	\$1,447,606	\$1,441,890	\$5,716
Intergovernmental Revenue	185,016	276,978	(91,962)
Investment Earnings	5,470	5,973	(503)
All Other Revenue	40,195	30,524	9,671
Total	<u>\$1,678,287</u>	<u>\$1,755,365</u>	<u>(\$77,078)</u>

General Fund revenues in 2019 decreased slightly compared to revenues in fiscal year 2018. The most significant factor contributing to this decrease was the decrease in intergovernmental revenues.

	2019	2018	(Decrease)
	Expenditures	Expenditures	
Leisure Time Activities	\$1,601,564	\$1,785,706	(\$184,142)

General Fund expenditures decreased by \$184,142 or 10.3% from 2018 to 2019.

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2019, the District amended its General Fund budget once prior to the close of the fiscal year.

For the General Fund, final budget basis revenue of \$1.7 million increased \$35,300 from the original budget estimates. The General Fund had an adequate fund balance to cover expenditures.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Management's Discussion and Analysis
For the Year Ended December 31, 2019

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2019, the District had \$16,804,168 net of accumulated depreciation invested in land, improvements, buildings and machinery and equipment. The following table shows fiscal year 2019 and 2018 balances:

	Governmental Activities		Increase (Decrease)
	2019	2018	
Land	\$3,743,152	\$3,743,152	\$0
Buildings and Improvements	18,215,747	18,215,747	0
Machinery and Equipment	1,060,465	928,390	132,075
Less: Accumulated Depreciation	(6,215,196)	(5,658,386)	(556,810)
Totals	<u>\$16,804,168</u>	<u>\$17,228,903</u>	<u>(\$424,735)</u>

The primary increases occurred in machinery and equipment. The increase in machinery and equipment was related to the capital assets purchased by the Sylvania Tam-O-Shanter and donated to the Sylvania Area Joint Recreation District. Additional information on the District's capital assets can be found in Note 7.

Debt

In July 2004, the District defeased \$3,200,000 of General Obligation Bonds for Recreation Facility Improvements dated May 1, 1995 (the "1995 Bonds") through the issuance of \$3,365,000 of General Obligation Bonds for Recreation Facility Improvements (the "2004 Bonds"). The net proceeds of the 2004 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$285,000 at December 31, 2018 are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

On May 8, 2012, the District refunded \$780,000 of outstanding bonds (the "1995 Bonds") with an interest rate of 5.0% with \$780,000 refunding bonds issued in May 2012. The entire principal amount of the 1995 bonds was paid off during 2012. The refunding was undertaken for the purpose of reducing interest rates and debt service on the prior bonds. This transaction resulted in a savings to the District of \$102,693.

On July 3, 2013, the District refunded \$1,320,000 of outstanding bonds (the "2004 Bonds") with an interest rate of 3.75% with \$1,320,000 refunding bonds issued in July 2013. \$1,320,000 of the principal amount of the 2004 bonds was paid off during 2013. The refunding was undertaken for the purpose of reducing interest rates and debt service on the prior bonds. This transaction resulted in a savings to the District of \$126,243.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2019**

Unaudited

On June 28, 2019, the District refunded \$5,629,993 of outstanding bonds (the "2008 Bonds") with an interest rate of 3.00% with \$6,365,000 refunding bonds issued in June 2019. \$5,629,993 of the principal amount of the 2008 bonds was paid off during 2019. The refunding was undertaken for the purpose of reducing interest rates and debt service on the prior bonds. This transaction resulted in a savings to the District of \$763,890.

At December 31, 2019, the District had \$6.2 million in bonds outstanding, \$950,000 due within one year. The following table summarizes the District's debt outstanding as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Governmental Activities:		
General Obligation Bonds	\$6,235,000	\$6,364,993
Premium on G.O. Bonds	13,619	176,017
Total Governmental Activities	<u>\$6,248,619</u>	<u>\$6,541,010</u>

State statutes limit the amount of unvoted general obligation debt the District may issue. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. At December 31, 2019, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 8.

ECONOMIC FACTORS

The District's original budget for 2019 utilized conservative revenue estimates with limited increases in base operating costs. Original General Fund revenues were projected to be more than 1% the actual receipts for 2019.

General Fund expenditures were originally budgeted at more than 2019 actual expenditures. Expenditure requests were decreased from original submissions; and only those items that the District Board of Trustees determined necessary were expended.

The District Board of Trustees continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources, in addition to a continued review of reducing expenditures. A close watch of current economic conditions is ongoing to determine if increased revenues, or further reductions in expenditures, are necessary in order to maintain fiscal stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the District's Fiscal Officer at the Sylvania Area Joint Recreation District, 7060 Sylvania Avenue, Sylvania, Ohio 43560.

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SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Statement of Net Position December 31, 2019

	Primary Government	Component Units	
	Governmental Activities	Sylvania Recreation Corporation	Sylvania Tam- O-Shanter Sports Inc.
Assets:			
Cash and Cash Equivalents	\$ 916,976	\$ 376,297	\$ 194,715
Receivables:			
Taxes	2,232,276	0	0
Accounts	0	14,541	79,430
Intergovernmental	159,289	0	0
Inventory of Supplies at Cost	0	15,797	0
Inventory Held for Resale	0	0	267,248
Prepaid Items	0	43,571	67,912
Prepaid Rent to SAJRD	0	0	440,027
Deposits	0	0	3,000
Liquor License	0	18,500	0
Capital Assets:			
Capital Assets not Being Depreciated	3,743,152	0	0
Capital Assets Being Depreciated	13,061,016	159,130	0
Total Assets	20,112,709	627,836	1,052,332
Liabilities:			
Accounts Payable	0	23,533	242,396
Accrued Wages and Benefits	0	142,290	45,703
Accrued Profit Share	0	0	82,524
Program Fees and Memberships	0	165,150	0
Other Accrued Expenses	0	0	11,759
Unearned Revenue	0	0	332,130
Accrued Interest Payable	32,414	0	0
Noncurrent liabilities:			
Due within one year	963,619	25,141	155,855
Due in more than one year	5,285,000	49,871	139,705
Total Liabilities	6,281,033	405,985	1,010,072
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	2,185,399	0	0
Net Position:			
Net Investment in Capital Assets	10,569,168	84,118	0
Restricted For:			
Debt Service	525,299	0	0
Unrestricted	551,810	137,733	42,260
Total Net Position	\$ 11,646,277	\$ 221,851	\$ 42,260

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Statement of Activities For the Year Ended December 31, 2019

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Leisure Time Activities	\$ 2,158,374	\$ 142,198	\$ 0	\$ 132,075
Interest and Fiscal Charges	1,014,211	0	0	0
Total Governmental Activities	\$ 3,172,585	\$ 142,198	\$ 0	\$ 132,075
Component Units:				
Sylvania Recreation Corporation	\$ 3,719,509	\$ 2,322,344	\$ 1,416,000	\$ 0
Sylvania Tam-O-Shanter Sports Inc.	3,537,180	3,570,921	0	0
Total Component Units	\$ 7,256,689	\$ 5,893,265	\$ 1,416,000	\$ 0

General Revenues

Property Taxes

Grants and Entitlements not

Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position (Deficit) Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Net (Expense) Revenue and Changes in Net Position Primary Government	Component Units	
	Sylvania Recreation Corporation	Sylvania Tam- O-Shanter Sports Inc.
\$ (1,884,101)		
(1,014,211)		
<u>(2,898,312)</u>		
	\$ 18,835	\$ 0
	0	33,741
	<u>18,835</u>	<u>33,741</u>
2,473,256	0	0
318,481	0	0
5,470	1,558	0
0	7,520	0
<u>2,797,207</u>	<u>9,078</u>	<u>0</u>
(101,105)	27,913	33,741
11,747,382	193,938	8,519
<u>\$ 11,646,277</u>	<u>\$ 221,851</u>	<u>\$ 42,260</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Balance Sheet
Governmental Funds
December 31, 2019

	General	General Obligation Debt Service	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 441,328	\$ 475,648	\$ 916,976
Receivables:			
Taxes	1,564,017	668,259	2,232,276
Intergovernmental	92,536	66,753	159,289
Total Assets	\$ 2,097,881	\$ 1,210,660	\$ 3,308,541
Liabilities:			
Deferred Inflows of Resources:			
Unavailable Amounts	124,101	82,065	206,166
Property Tax for Next Fiscal Year	1,532,452	652,947	2,185,399
Total Deferred Inflows of Resources	1,656,553	735,012	2,391,565
Fund Balances:			
Restricted	0	475,648	475,648
Assigned	441,328	0	441,328
Total Fund Balances	441,328	475,648	916,976
Total Deferred Inflows of Resources and Fund Balances	\$ 2,097,881	\$ 1,210,660	\$ 3,308,541

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Reconciliation Of Total Governmental Fund Balances To Net Position Of Governmental Activities December 31, 2019

Total Governmental Fund Balances		\$	916,976
<i>Amounts reported for governmental activities in the statement of net position are different because</i>			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			16,804,168
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property Taxes	46,877		
Intergovernmental	<u>159,289</u>		206,166
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due.			(32,414)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General Obligation Bonds Payable	(6,235,000)		
Premium on General Obligation Bonds Payable	<u>(13,619)</u>		<u>(6,248,619)</u>
Net Position of Governmental Activities		\$	<u>11,646,277</u>

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2019

	General	General Obligation Debt Service	Total Governmental Funds
Revenues:			
Property Taxes	\$ 1,447,606	\$ 1,031,596	\$ 2,479,202
Intergovernmental Revenues	185,016	133,465	318,481
Investment Earnings	5,470	0	5,470
All Other Revenue	40,195	102,003	142,198
Total Revenue	1,678,287	1,267,064	2,945,351
Expenditures:			
Current:			
Leisure Time Activities	1,601,564	0	1,601,564
Debt Service:			
Principal Retirement	0	865,000	865,000
Interest & Fiscal Charges	0	1,168,440	1,168,440
Total Expenditures	1,601,564	2,033,440	3,635,004
Excess (Deficiency) of Revenues Over Expenditures	76,723	(766,376)	(689,653)
Other Financing Sources (Uses):			
Refunding General Obligation Bonds Issued	0	6,365,000	6,365,000
Payments to Refunding Bond Escrow Agent	0	(5,629,993)	(5,629,993)
Total Other Financing Sources (Uses)	0	735,007	735,007
Net Change in Fund Balances	76,723	(31,369)	45,354
Fund Balances at Beginning of Year	364,605	507,017	871,622
Fund Balances End of Year	\$ 441,328	\$ 475,648	\$ 916,976

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 45,354

Amounts reported for governmental activities in the statement of activities are different because

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 as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Depreciation (556,810)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

132,075

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes (5,946)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General Obligation Bonds Principal	6,494,993	
Refunding General Obligation Bonds Issued	(6,365,000)	
Amortization of Premium on General Obligation Bonds	<u>162,398</u>	292,391

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position.

Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net position.

Accrued Interest Payable (8,169)

Change in Net Position of Governmental Activities \$ (101,105)

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,650,000	\$ 1,450,300	\$ 1,447,606	\$ (2,694)
Intergovernmental Revenue	0	190,000	185,016	(4,984)
Investment Earnings	0	5,000	5,470	470
All Other Revenues	0	40,000	40,195	195
Total Revenues	<u>1,650,000</u>	<u>1,685,300</u>	<u>1,678,287</u>	<u>(7,013)</u>
Expenditures:				
Current:				
Leisure Time Activities	<u>2,041,950</u>	<u>2,041,950</u>	<u>1,605,359</u>	<u>436,591</u>
Total Expenditures	<u>2,041,950</u>	<u>2,041,950</u>	<u>1,605,359</u>	<u>436,591</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(391,950)	(356,650)	72,928	429,578
Fund Balance at Beginning of Year	356,650	356,650	356,650	0
Prior Year Encumbrances	<u>7,955</u>	<u>7,955</u>	<u>7,955</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (27,345)</u>	<u>\$ 7,955</u>	<u>\$ 437,533</u>	<u>\$ 429,578</u>

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sylvania in conjunction with the Sylvania Township Trustees and the Sylvania City School District formed the Sylvania Area Joint Recreation District (the "SAJRD") under the authority of Ohio Revised Code Section 755.14 (C). The SAJRD Board of Trustees is composed of twelve members, four of whom are appointed by each of the three separate governmental entities identified above. Funding for the SAJRD is provided by a voter approved tax levy on all real property located within Sylvania Township and the City of Sylvania. Taxes are collected by the County Auditor and remitted to the SAJRD Board of Trustees. The SAJRD is fiscally independent of the City and the SAJRD's financial statements have not been included within the City's reporting entity.

The accompanying basic financial statements of the District present the financial position of the various fund types and the results of operations of the various fund types. The financial statements are presented as of December 31, 2019 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 61 "*The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District.

Based on the foregoing, the District's reporting entity has two component units, The Sylvania Recreation Corporation and the Sylvania Tam-O-Shanter Sports, Inc. and includes the following services: provide quality recreation and leisure facilities, parks, programs and activities to the citizens who reside in the SAJRD. This includes hosting and programming athletic and exhibition events.

The component units' columns in the government-wide financial statements include the financial data of the District's component units. They are reported in separate columns to emphasize that they are legally separate from the District. Information about the component units is presented in Notes 12 and 13 to the basic financial statements.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Sylvania Recreation Corporation – The Sylvania Recreation Corporation is a legally separate, not-for-profit corporation. The Sylvania Recreation Corporation’s purpose is to provide quality recreation and leisure facilities, parks, programs and activities to meet the needs of all citizens who reside in the Sylvania Area Joint Recreation District (SAJRD). The SAJRD is the Sylvania Recreation Corporation’s sponsoring government as four of the seven Sylvania Recreation Corporation board members are also SAJRD Board Members. The Sylvania Recreation Corporation is fiscally dependent on the SAJRD as the SAJRD provides revenue throughout the year to the Sylvania Recreation Corporation. Sylvania Recreation Corporation is reported as a discretely presented component unit on the SAJRD’s financial statements. Separately issued financial statements for the Sylvania Recreation Corporation can be obtained from the Operations Manager of the Sylvania Recreation Corporation, 7060 Sylvania Avenue, Sylvania, Ohio 43560.

Sylvania Tam-O-Shanter Sports, Inc. – The Sylvania Tam-O-Shanter is a legally separate, not-for-profit corporation. The Sylvania Tam-O-Shanter Sports, Inc., under a contractual agreement with the SAJRD, provides services for the hosting and programming of athletic and exhibition events. The SAJRD is the Sylvania Tam-O-Shanter Sports, Inc.’s sponsoring government as four of the seven Sylvania Tam-O-Shanter Sports Inc.’s board members are also SAJRD Board Members. The SAJRD is financially accountable for the Sylvania Tam-O-Shanter Sports Inc. as it can impose its will on the Sylvania Tam-O-Shanter, Inc. The Sylvania Tam-O-Shanter Sports, Inc. District is reported as a discretely presented component unit on the SAJRD’s financial statements. Separately issued financial statements for the Sylvania Tam-O-Shanter Sports, Inc. can be obtained from the Operations Manager of the Sylvania Tam-O-Shanter Sports, Inc., 7060 Sylvania Avenue, Sylvania, Ohio 43560.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are summarized by type in the basic financial statements. The following fund types are used by the District:

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

The governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

General Fund – This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

General Obligation Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on general obligation debt.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no activities considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis when the exchange takes place and the resources are available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues, is recorded as revenue when received in cash because it is generally not measurable until received.

Property taxes measurable as of December 31, 2019, but which are not intended to finance 2019 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund and function level of control. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the function level within each fund without the approval of the District Board. Budgetary modifications above the major function level by fund may only be made by resolution of the District Board.

1. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the District by September 1 of each year. As part of the certification process, the District receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2019.

2. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund and function level, and may be modified during the year by ordinance of the District Board. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the fund and function level. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance, if any, is carried forward to the subsequent fiscal year and need not be reappropriated.

4. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

	<u>Net Change In Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$76,723
Outstanding Encumbrances	<u>(3,795)</u>
Budget Basis	<u><u>\$72,928</u></u>

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits. The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Pooled Cash, Cash Equivalents and Investments."

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code and local ordinances. Interest revenue credited to the general fund during fiscal year 2019 amounted to \$5,470, which includes \$2,837 assigned from other District funds. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 4, "Pooled Cash, Cash Equivalents and Investments."

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets and Depreciation

1. Property, Plant and Equipment - Governmental Activities

Governmental activities' capital assets are those not directly related to business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net position, but they are not reported in the Fund Financial Statements.

2. Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (in years)
Buildings & Improvements	15 - 50
Machinery and Equipment	15

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Debt

Long-term debt is being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Obligation Debt Service Fund

K. Net position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Balances (Continued)

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority. For the District, these constraints consist of ordinances and resolutions passed by the Board of Trustees. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use unrestricted resources first (committed, assigned and unassigned), then restricted resources as they are needed.

M. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2019.

P. Fair Value

The 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. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 2 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General Fund</u>	<u>General Obligation Debt Service Fund</u>	<u>Total Governmental Funds</u>
Restricted:			
General Obligation Debt Service Payments	\$0	\$475,648	\$475,648
Assigned:			
Subsequent Year Appropriations	441,328	0	441,328
Total Fund Balances	<u>\$441,328</u>	<u>\$475,648</u>	<u>\$916,976</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

For 2019, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 83, “Certain Asset Retirement Obligations,” Statement No. 84, “Fiduciary Activities,” Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,” and Statement No. 90, “Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.”

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments.

GASB Statement No. 88 revises the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements.

GASB Statement No. 90 establishes criteria for reporting a government’s majority equity interest in a legally separate organization.

The implementation of the above GASB Statements did not have an effect on the financial statements of the District for 2019.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." Ohio law requires the classification of funds held by the District into three categories.

Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the District. Such funds must be maintained either as cash in the District treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District's policy is to place deposits with major local banks.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the District's deposits was \$916,976 and the bank balance was \$916,976. Federal depository insurance covered \$250,000 of the bank balance and \$666,976 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the District's name and securities held in the Ohio Pooled Collateral System.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2019 were levied after October 1, 2018 on assessed values as of January 1, 2018, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2018. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the Sylvania Area Joint Recreational District. The County Auditor periodically remits to the District its portion of the taxes collected. The full tax rate for all District operations for the year ended December 31, 2019 was \$2.11 per \$1,000 of assessed value. The assessed value upon which the 2019 receipts were based was \$1,556,517,570. This amount constitutes \$1,518,655,070 in real property assessed value, and \$37,862,500 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the District's share is .211% (2.11 mills) of assessed value.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 6 - RECEIVABLES

Receivables at December 31, 2019 consisted of taxes and intergovernmental receivables. All receivables are considered collectible in full.

NOTE 7 – CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2019:

Historical Cost:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
<i>Capital assets not being depreciated:</i>				
Land	\$3,743,152	\$0	\$0	\$3,743,152
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	18,215,747	0	0	18,215,747
Machinery and Equipment	928,390	132,075	0	1,060,465
Total Cost	\$22,887,289	\$132,075	\$0	\$23,019,364

Accumulated Depreciation:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Buildings and Improvements	(\$5,219,367)	(\$486,112)	\$0	(\$5,705,479)
Machinery and Equipment	(439,019)	(70,698)	0	(509,717)
Total Depreciation	(\$5,658,386)	(\$556,810) *	\$0	(\$6,215,196)
<i>Net Value:</i>	\$17,228,903			\$16,804,168

* District Depreciation expenses were charged to governmental functions as follows:

Leisure Time Activities	\$556,810
Total Depreciation Expense	\$556,810

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 8 - LONG-TERM DEBT

Long-term debt of the District at December 31, 2019 is as follows:

	Issue Date	Balance December 31, 2018	Issued	(Retired)	Balance December 31, 2019	Amounts Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
2.20% Recreation Facility	2019	\$0	\$6,365,000	(\$505,000)	\$5,860,000	\$575,000
3.00% Recreation Facility	2008	5,629,993	0	(5,629,993)	0	0
Premium G.O. Bonds	2008	148,780	0	(148,780)	0	0
3.35% Recreation Facility	2012	200,000	0	(95,000)	105,000	105,000
Premium G.O. Bonds	2012	13,669	0	(6,833)	6,836	6,836
2.60% Recreation Facility	2013	535,000	0	(265,000)	270,000	270,000
Premium G.O. Bonds	2013	13,568	0	(6,785)	6,783	6,783
Total General Obligation Bonds		<u>6,541,010</u>	<u>6,365,000</u>	<u>(6,657,391)</u>	<u>6,248,619</u>	<u>963,619</u>
Total Governmental Activities Long-Term Debt		<u>\$6,541,010</u>	<u>\$6,365,000</u>	<u>(\$6,657,391)</u>	<u>\$6,248,619</u>	<u>\$963,619</u>

In addition to the debt listed above, the SAJRD has also unconditionally guaranteed long-term notes issued by the Sylvania Recreation Corporation. As of December 31, 2019, these long-term notes had a principal balance of \$75,012.

The SAJRD has also put forward as collateral facility improvements and certain capital assets towards long-term notes issued by the Sylvania Tam-O-Shanter Sports, Inc. As of December 31, 2019, these long-term notes had a principal balance of \$121,047.

2008 General Obligation Bonds - During 2008, the District issued \$8,979,993 worth of Recreation Facility bonds for work done on the Recreation Facility. These bonds have a variable interest rate ranging from 3.00% in 2009 to 4.5% in 2028, the year of maturity for the bonds.

A. Principal and Interest Requirements

The District's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2019, is as follows:

Years	G.O. Bonds	
	Principal	Interest
2020	\$950,000	\$140,140
2021	610,000	116,270
2022	615,000	102,850
2023	640,000	89,320
2024	645,000	75,240
2025-2028	<u>2,775,000</u>	<u>154,770</u>
Totals	<u>\$6,235,000</u>	<u>\$678,590</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 8 - LONG-TERM DEBT (Continued)

2008 General Obligation Bonds - During 2008, the District issued \$8,979,993 worth of Recreation Facility bonds for work done on the Recreation Facility. These bonds have a variable interest rate ranging from 3.00% in 2009 to 4.5% in 2028, the year of maturity for the bonds.

B. Defeasance of General Obligation Debt

In July 2004, the District defeased \$3,200,000 of General Obligation Bonds for Recreation Facility Improvements dated May 1, 1995 (the "1995 Bonds"), through the issuance of \$3,365,000 of General Obligation Bonds for Recreation Facility Improvements (the "2004 Bonds"). The net proceeds of the 2004 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds are not included in the District's outstanding debt since the District has, in substance, satisfied its obligations through the advance refunding. The District obtained an economic gain of \$97,938.

C. Refunded General Obligation Debt

On May 8, 2012, the District refunded \$780,000 of outstanding bonds (the "1995 Bonds") with an interest rate of 5.0% with \$780,000 refunding bonds issued in May 2012. The entire principal amount of the 1995 bonds was paid off during 2012. The refunding was undertaken for the purpose of reducing interest rates and debt service on the prior bonds. This transaction resulted in a savings to the District of \$102,693.

On July 3, 2013, the District refunded \$1,320,000 of outstanding bonds (the "2004 Bonds") with an interest rate of 3.75% with \$1,320,000 refunding bonds issued in July 2013. \$1,320,000 of the principal amount of the 2004 bonds was paid off during 2013. The refunding was undertaken for the purpose of reducing interest rates and debt service on the prior bonds. This transaction resulted in a savings to the District of \$126,243.

On June 28, 2019, the District refunded \$5,629,993 of outstanding bonds (the "2008 Bonds") with an interest rate of 3.00% with \$6,365,000 refunding bonds issued in June 2019. \$5,629,993 of the principal amount of the 2008 bonds was paid off during 2019. The refunding was undertaken for the purpose of reducing interest rates and debt service on the prior bonds. This transaction resulted in a savings to the District of \$763,890.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 9 - OPERATING LEASE COMMITMENTS

The District is committed under a lease with the Sylvania City School District Board of Education for a piece of property known as Veteran's Memorial Field at an annual rate of \$1.00, to be used for its community and recreational programs. Under the terms of the lease, the District is responsible for operating and maintaining the property. This lease began on August 1, 1997 and is scheduled to end on July 31, 2022, at which time the District has the option to renew the lease for an additional twenty-five years. This lease is considered for accounting purposes to be an operating lease. Lease expenditures for the fiscal year ended December 31, 2019, amounted to \$1.00.

The District is committed under a lease with the City of Sylvania for a piece of property containing an ice skating complex and a field house owned by the District which is used for its community and recreational programs. Under the terms of the lease, the District is responsible for operating and maintaining the property. The initial term of the lease is for fifty (50) years; with the aggregate base rent of \$1,000.00. This lease began on June 25, 2008 and is scheduled to end on June 30, 2058, at which time the District has the option to renew the lease for three additional ten year periods each commencing on the expiration of the initial term or the prior renewal term with aggregate rent payments of \$100.00 for each period. This lease is considered for accounting purposes to be an operating lease. Lease expenditures for the fiscal year ended December 31, 2019 amounted to \$1,000.00 which is the aggregate base rent for the initial term.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

During 2019, the District contracted with several different insurance providers for various insurance coverages, as follows:

Type of Coverage	Coverage	Deductible
General Liability – Occurrence/Aggregate	\$7,000,000/\$9,000,000	\$0
Automobile (CSL) – Occurrence/Aggregate	\$7,000,000/9,000,000	\$250
Real and Personal Property	\$24,119,646	\$1,000
Public Officials Liability – Occurrence/Aggregate	\$7,000,000/\$9,000,000	\$2,500
Crime Coverage:		
Blanket Bond	\$100,000	\$0
Forgery Alterations	\$10,000	\$0
Theft, Disappearance and Destruction	\$15,000	\$0
Computer Fraud	\$5,000	\$100
Equipment-Inland Marine	\$1,031,010	\$1,000
Cyber Liability	\$250,000	\$25,000

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 11 - CONTINGENCIES

During 2016, the Sylvania Area Joint Recreation District (SAJRD) entered into an agreement with Tam O'Shanter Sports, Inc. (TOS, Inc.), the nonprofit corporation, which operates and manages the Tam O'Shanter sports and exhibition complex owned by SAJRD. Under the agreement, SAJRD committed to pay TOS, Inc. an annual amount to help defray the payments on a bank loan made to TOS, Inc. for construction of an addition to the Tam O'Shanter complex for office space and storage facilities. The annual payment will depend on the net profit derived from a public event, known as the Children's Wonderland, which is held during the holiday season at the Sylvania Recreation Corporation (SRC) venue. The terms of the agreement require SAJRD to pay an annual amount, not to exceed Fifty Thousand Dollars (\$50,000), to TOS, Inc. for a period of ten years, beginning in 2016.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 12 – SYLVANIA RECREATION CORPORATION

A. Basis of Presentation

Sylvania Recreation Corporation is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of Net Position. Sylvania Recreation Corporation uses the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred.

B. Deposits

At year end, the carrying amount of Sylvania Recreation Corporation's deposits was \$376,297 and the bank balance was \$397,366. The Federal Deposit Insurance Corporation (FDIC) covered \$250,000 of the bank balance. The remaining \$147,366 was uninsured and collateralized with securities held by the pledging institution's trust department, not in Sylvania Recreation Corporation's name. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

C. Capital Assets

Summary by Category at December 31, 2019:

Historical Cost:

<u>Class</u>	<u>December 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2019</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	\$35,012	\$36,692	(\$22,622)	\$49,082
Machinery and Equipment	1,079,127	53,712	(39,977)	1,092,862
Total Cost	<u>\$1,114,139</u>	<u>\$90,404</u>	<u>(\$62,599)</u>	<u>\$1,141,944</u>

Accumulated Depreciation:

<u>Class</u>	<u>December 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2019</u>
Buildings and Improvements	(\$22,672)	(\$1,118)	\$22,622	(\$1,168)
Machinery and Equipment	(966,615)	(55,008)	39,977	(981,646)
Total Depreciation	<u>(\$989,287)</u>	<u>(\$56,126)</u>	<u>\$62,599</u>	<u>(\$982,814)</u>
<i>Net Value:</i>	<u>\$124,852</u>			<u>\$159,130</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 13 – SYLVANIA TAM-O-SHANTER SPORTS, INC.

A. Basis of Presentation

Sylvania Tam-O-Shanter Sports, Inc. is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of Net Position. Sylvania Tam-O-Shanter Sports, Inc. uses the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred.

Sylvania Tam-O-Shanter Sports, Inc. has a July 31 reporting year-end; therefore, all information pertaining to Sylvania Tam-O-Shanter Sports, Inc. will be presented as of and for the year ended July 31, 2018.

B. Deposits

At year end, the carrying amount of the Sylvania Tam-O-Shanter Sports, Inc.'s deposits was \$194,715 and the bank balance was \$194,715. The Federal Deposit Insurance Corporation (FDIC) covered \$194,715 of the bank balance. \$0 was uninsured and collateralized with securities held by the pledging institution's trust department, not in the Sylvania Tam-O-Shanter Sports, Inc.'s name. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

NOTE 14 – SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods for the District. The impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2018*

Unaudited

The discussion and analysis of the Sylvania Area Joint Recreational District's financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2018 are as follows:

- In total, net position increased \$607,894 from 2017.
- General revenues accounted for \$2.9 million in revenue or 98% of all revenues. Program specific revenues in the form of charges for services and capital contributions accounted for 2% of total revenues of \$3.0 million.
- The District had \$2.4 million in expenses related to governmental activities; \$30,524 of these expenses were offset by program specific charges for services. General revenues (primarily taxes) had a balance of \$2.9 million.
- Among major funds, the general fund had \$1.8 million in revenues and \$1.8 million in expenditures. The general fund's fund balance decreased \$30,341 to \$364,605.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2018*

Unaudited

Government-wide Statements

The government-wide statements report information about the District as a whole using accepting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position (the difference between the District's assets, liabilities, and deferred inflows of resources) is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the District's capital assets and its continued growth.
- Governmental Activities – The District's programs and services are reported here in the form of leisure time activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance District activities. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2018*

Unaudited

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table provides a comparison of the District's net position between 2018 and 2017:

	Governmental Activities	
	2018	2017
Assets:		
Current and other assets	\$3,794,445	\$3,648,957
Capital assets, Net	17,228,903	17,521,381
Total assets	21,023,348	21,170,338
Liabilities:		
Long-term debt outstanding	6,541,010	7,384,506
Other liabilities	24,245	25,021
Total liabilities	6,565,255	7,409,527
Deferred Inflows of Resources:		
Property Tax Levy for Next Fiscal Year	2,710,711	2,621,323
Net position		
Net Investment in Capital Assets	10,687,893	10,136,875
Restricted	571,176	482,568
Unrestricted	488,313	520,045
Total net position	\$11,747,382	\$11,139,488

Changes in Net position – The following table shows the changes in net position for the fiscal year 2018 and 2017:

	Governmental Activities	
	2018	2017
Revenues		
Program revenues:		
Charges for Services and Sales	\$30,524	\$30,031
Capital Grants and Contributions	34,267	638,528
General revenues:		
Property Taxes	2,520,452	2,452,962
Shared Revenues	418,955	330,596
Investment Earnings	5,973	4,653
Total revenues	3,010,171	3,456,770
Program Expenses		
Leisure Time Activities	2,112,451	2,030,381
Interest and Fiscal Charges	289,826	298,816
Total expenses	2,402,277	2,329,197
Total Change in Net Position	607,894	1,127,573
Beginning Net Position	11,139,488	10,011,915
Ending Net Position	\$11,747,382	\$11,139,488

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2018*

Unaudited

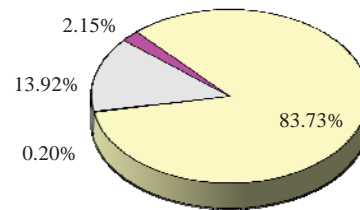
Governmental Activities

Net position of the District's governmental activities increased by \$607,894.

Capital Grants and Contributions decreased by \$604,261, primarily due to the acquisition of Veterans Memorial Park during 2017. The difference between the appraisal value of \$541,700 and the purchase price of \$4,342 was recorded as a capital contribution.

The District's reliance upon tax revenues is demonstrated by the following graph indicating 83.73% of total revenues from property tax revenues:

Revenue Sources	2018	Percent of Total
General Shared Revenues	\$418,955	13.92%
Program Revenues	64,791	2.15%
Property Tax Revenues	2,520,452	83.73%
General Other	5,973	0.20%
Total Revenue	<u>\$3,010,171</u>	<u>100.00%</u>



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$871,622, which is an increase from last year's balance of \$810,333. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2018 and 2017:

	Fund Balance December 31, 2018	Fund Balance December 31, 2017	Increase/ (Decrease)
General	\$364,605	\$394,946	(\$30,341)
General Obligation Debt Service	507,017	415,387	91,630
Total	<u>\$871,622</u>	<u>\$810,333</u>	<u>\$61,289</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2018*

Unaudited

General Fund – The District's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2018	2017	Increase
	<u>Revenues</u>	<u>Revenues</u>	
Property Taxes	\$1,441,890	\$1,406,617	\$35,273
Intergovernmental Revenue	276,978	189,661	87,317
Investment Earnings	5,973	4,653	1,320
All Other Revenue	30,524	30,031	493
Total	<u>\$1,755,365</u>	<u>\$1,630,962</u>	<u>\$124,403</u>

General Fund revenues in 2018 increased slightly compared to revenues in fiscal year 2017. The most significant factor contributing to this increase was the increase in property tax revenue.

	2018	2017	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	
Leisure Time Activities	\$1,785,706	\$1,522,203	\$263,503

General Fund expenditures increased by \$263,503 or 17.3% from 2017 to 2018.

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2018, the District amended its General Fund budget once prior to the close of the fiscal year.

For the General Fund, final budget basis revenue of \$1.6 was the same as the original budget estimates. The General Fund had an adequate fund balance to cover expenditures.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Management's Discussion and Analysis
For the Year Ended December 31, 2018

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2018, the District had \$17,228,903 net of accumulated depreciation invested in land, improvements, buildings and machinery and equipment. The following table shows fiscal year 2018 and 2017 balances:

	Governmental Activities		Increase (Decrease)
	2018	2017	
Land	\$3,743,152	\$3,743,152	\$0
Buildings and Improvements	18,215,747	18,004,487	211,260
Machinery and Equipment	928,390	884,123	44,267
Less: Accumulated Depreciation	(5,658,386)	(5,110,381)	(548,005)
Totals	<u>\$17,228,903</u>	<u>\$17,521,381</u>	<u>(\$292,478)</u>

The primary increases occurred in buildings and improvements and machinery and equipment. The increase in buildings and improvements was related to the construction of six pickle ball courts at the park. Additional information on the District's capital assets can be found in Note 7.

Debt

In July 2004, the District defeased \$3,200,000 of General Obligation Bonds for Recreation Facility Improvements dated May 1, 1995 (the "1995 Bonds") through the issuance of \$3,365,000 of General Obligation Bonds for Recreation Facility Improvements (the "2004 Bonds"). The net proceeds of the 2004 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$555,000 at December 31, 2018 are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

On May 8, 2012, the District refunded \$780,000 of outstanding bonds (the "1995 Bonds") with an interest rate of 5.0% with \$780,000 refunding bonds issued in May 2012. The entire principal amount of the 1995 bonds was paid off during 2012. The refunding was undertaken for the purpose of reducing interest rates and debt service on the prior bonds. This transaction resulted in a savings to the District of \$102,693.

On July 3, 2013, the District refunded \$1,320,000 of outstanding bonds (the "2004 Bonds") with an interest rate of 3.75% with \$1,320,000 refunding bonds issued in July 2013. \$1,320,000 of the principal amount of the 2004 bonds was paid off during 2013. The refunding was undertaken for the purpose of reducing interest rates and debt service on the prior bonds. This transaction resulted in a savings to the District of \$126,243.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2018

Unaudited

At December 31, 2018, the District had \$6.4 million in bonds outstanding, \$865,000 due within one year. The following table summarizes the District's debt outstanding as of December 31, 2018 and 2017:

	2018	2017
Governmental Activities:		
General Obligation Bonds	\$6,364,993	\$7,179,993
Premium on G.O. Bonds	176,017	204,513
Total Governmental Activities	<u>\$6,541,010</u>	<u>\$7,384,506</u>

State statutes limit the amount of unvoted general obligation debt the District may issue. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. At December 31, 2018, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 8.

ECONOMIC FACTORS

The District's original budget for 2018 utilized conservative revenue estimates with limited increases in base operating costs. Original General Fund revenues were projected to be less than 9% the actual receipts for 2018.

General Fund expenditures were originally budgeted at more than 2018 actual expenditures. Expenditure requests were decreased from original submissions; and only those items that the District Board of Trustees determined necessary were expended.

The District Board of Trustees continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources, in addition to a continued review of reducing expenditures. A close watch of current economic conditions is ongoing to determine if increased revenues, or further reductions in expenditures, are necessary in order to maintain fiscal stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the District's Fiscal Officer at the Sylvania Area Joint Recreation District, 7060 Sylvania Avenue, Sylvania, Ohio 43560.

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SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Statement of Net Position December 31, 2018

	Primary Government	Component Units	
	Governmental Activities	Sylvania Recreation Corporation	Sylvania Tam-O- Shanter Sports Inc.
Assets:			
Cash and Cash Equivalents	\$ 871,622	\$ 346,797	\$ 80,331
Receivables:			
Taxes	2,763,534	0	0
Accounts	0	12,049	105,656
Intergovernmental	159,289	0	0
Inventory of Supplies at Cost	0	11,549	0
Inventory Held for Resale	0	0	207,042
Prepaid Items	0	47,250	85,178
Prepaid Rent to SAJRD	0	0	487,837
Deposits	0	0	3,000
Liquor License	0	18,500	0
Capital Assets:			
Capital Assets not Being Depreciated	3,743,152	0	0
Capital Assets Being Depreciated	13,485,751	124,852	0
Total Assets	21,023,348	560,997	969,044
Liabilities:			
Accounts Payable	0	43,316	195,234
Accrued Wages and Benefits	0	42,784	42,529
Accrued Profit Share	0	0	74,726
Program Fees and Memberships	0	147,319	0
Other Accrued Expenses	0	0	11,364
Unearned Revenue	0	0	293,713
Accrued Interest Payable	24,245	0	0
Noncurrent liabilities:			
Due within one year	893,496	70,592	202,896
Due in more than one year	5,647,514	63,048	140,063
Total Liabilities	6,565,255	367,059	960,525
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	2,710,711	0	0
Net Position:			
Net Investment in Capital Assets	10,687,893	30,620	0
Restricted For:			
Debt Service	571,176	0	0
Unrestricted	488,313	163,318	8,519
Total Net Position	\$ 11,747,382	\$ 193,938	\$ 8,519

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Statement of Activities
For the Year Ended December 31, 2018

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Leisure Time Activities	\$ 2,112,451	\$ 30,524	\$ 0	\$ 34,267
Interest and Fiscal Charges	289,826	0	0	0
Total Governmental Activities	<u>\$ 2,402,277</u>	<u>\$ 30,524</u>	<u>\$ 0</u>	<u>\$ 34,267</u>
Component Units:				
Sylvania Recreation Corporation	\$ 3,637,030	\$ 2,309,832	\$ 1,386,000	\$ 0
Sylvania Tam-O-Shanter Sports Inc.	3,354,725	3,350,543	0	0
Total Component Units	<u>\$ 6,991,755</u>	<u>\$ 5,660,375</u>	<u>\$ 1,386,000</u>	<u>\$ 0</u>

General Revenues

Property Taxes
 Grants and Entitlements not
 Restricted to Specific Programs
 Investment Earnings
 Miscellaneous

Total General Revenues

Change in Net Position

Net Position (Deficit) Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Net (Expense) Revenue and Changes in Net Position Primary Government	Component Units	
	Sylvania Recreation Corporation	Sylvania Tam- O-Shanter Sports Inc.
\$ (2,047,660)		
(289,826)		
<u>(2,337,486)</u>		
	\$ 58,802	\$ 0
	0	(4,182)
	<u>58,802</u>	<u>(4,182)</u>
2,520,452	0	0
418,955	0	0
5,973	1,411	0
0	19,157	0
<u>2,945,380</u>	<u>20,568</u>	<u>0</u>
607,894	79,370	(4,182)
<u>11,139,488</u>	<u>114,568</u>	<u>12,701</u>
<u>\$ 11,747,382</u>	<u>\$ 193,938</u>	<u>\$ 8,519</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Balance Sheet
Governmental Funds
December 31, 2018

	General	General Obligation Debt Service	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 364,605	\$ 507,017	\$ 871,622
Receivables:			
Taxes	1,588,636	1,174,898	2,763,534
Intergovernmental	92,536	66,753	159,289
Total Assets	\$ 2,045,777	\$ 1,748,668	\$ 3,794,445
Liabilities:			
Deferred Inflows of Resources:			
Unavailable Amounts	123,708	88,404	212,112
Property Tax for Next Fiscal Year	1,557,464	1,153,247	2,710,711
Total Deferred Inflows of Resources	1,681,172	1,241,651	2,922,823
Fund Balances:			
Restricted	0	507,017	507,017
Assigned	356,650	0	356,650
Unassigned	7,955	0	7,955
Total Fund Balances	364,605	507,017	871,622
Total Deferred Inflows of Resources and Fund Balances	\$ 2,045,777	\$ 1,748,668	\$ 3,794,445

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Reconciliation Of Total Governmental Fund Balances To Net Position Of Governmental Activities December 31, 2018

Total Governmental Fund Balances		\$	871,622
<i>Amounts reported for governmental activities in the statement of net position are different because</i>			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			17,228,903
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property Taxes	52,823		
Intergovernmental	<u>159,289</u>		212,112
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due.			(24,245)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General Obligation Bonds Payable	(6,364,993)		
Premium on General Obligation Bonds Payable	<u>(176,017)</u>		<u>(6,541,010)</u>
Net Position of Governmental Activities		\$	<u>11,747,382</u>

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2018

	General	General Obligation Debt Service	Total Governmental Funds
Revenues:			
Property Taxes	\$ 1,441,890	\$ 1,079,363	\$ 2,521,253
Intergovernmental Revenues	276,978	146,365	423,343
Investment Earnings	5,973	0	5,973
All Other Revenue	30,524	0	30,524
Total Revenue	<u>1,755,365</u>	<u>1,225,728</u>	<u>2,981,093</u>
Expenditures:			
Current:			
Leisure Time Activities	1,785,706	0	1,785,706
Debt Service:			
Principal Retirement	0	815,000	815,000
Interest & Fiscal Charges	0	319,098	319,098
Total Expenditures	<u>1,785,706</u>	<u>1,134,098</u>	<u>2,919,804</u>
Net Change in Fund Balances	(30,341)	91,630	61,289
Fund Balances at Beginning of Year	<u>394,946</u>	<u>415,387</u>	<u>810,333</u>
Fund Balances End of Year	<u>\$ 364,605</u>	<u>\$ 507,017</u>	<u>\$ 871,622</u>

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Year Ended December 31, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 61,289

Amounts reported for governmental activities in the statement of activities are different because

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 as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	221,260	
Depreciation	<u>(548,005)</u>	(326,745)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

34,267

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	(801)	
Intergovernmental	<u>(4,388)</u>	(5,189)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General Obligation Bonds Principal	815,000	
Amortization of Premium on General Obligation Bonds	<u>28,496</u>	843,496

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net position.

Accrued Interest Payable		<u>776</u>
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Change in Net Position of Governmental Activities \$ 607,894

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,590,000	\$ 1,590,000	\$ 1,441,890	\$ (148,110)
Intergovernmental Revenue	0	129,865	276,978	147,113
Investment Earnings	0	5,500	5,973	473
All Other Revenues	0	30,000	30,524	524
Total Revenues	<u>1,590,000</u>	<u>1,755,365</u>	<u>1,755,365</u>	<u>0</u>
Expenditures:				
Current:				
Leisure Time Activities	<u>2,138,446</u>	<u>2,146,746</u>	<u>1,793,661</u>	<u>353,085</u>
Total Expenditures	<u>2,138,446</u>	<u>2,146,746</u>	<u>1,793,661</u>	<u>353,085</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(548,446)	(391,381)	(38,296)	353,085
Fund Balance at Beginning of Year	<u>394,946</u>	<u>394,946</u>	<u>394,946</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (153,500)</u>	<u>\$ 3,565</u>	<u>\$ 356,650</u>	<u>\$ 353,085</u>

See accompanying notes to the basic financial statements

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SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sylvania in conjunction with the Sylvania Township Trustees and the Sylvania City School District formed the Sylvania Area Joint Recreation District (the "SAJRD") under the authority of Ohio Revised Code Section 755.14 (C). The SAJRD Board of Trustees is composed of twelve members, four of whom are appointed by each of the three separate governmental entities identified above. Funding for the SAJRD is provided by a voter approved tax levy on all real property located within Sylvania Township and the City of Sylvania. Taxes are collected by the County Auditor and remitted to the SAJRD Board of Trustees. The SAJRD is fiscally independent of the City and the SAJRD's financial statements have not been included within the City's reporting entity.

The accompanying basic financial statements of the District present the financial position of the various fund types and the results of operations of the various fund types. The financial statements are presented as of December 31, 2018 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 61 "*The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District.

Based on the foregoing, the District's reporting entity has two component units, The Sylvania Recreation Corporation and the Sylvania Tam-O-Shanter Sports, Inc. and includes the following services: provide quality recreation and leisure facilities, parks, programs and activities to the citizens who reside in the SAJRD. This includes hosting and programming athletic and exhibition events.

The component units' columns in the government-wide financial statements include the financial data of the District's component units. They are reported in separate columns to emphasize that they are legally separate from the District. Information about the component units is presented in Notes 12 and 13 to the basic financial statements.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Sylvania Recreation Corporation – The Sylvania Recreation Corporation is a legally separate, not-for-profit corporation. The Sylvania Recreation Corporation’s purpose is to provide quality recreation and leisure facilities, parks, programs and activities to meet the needs of all citizens who reside in the Sylvania Area Joint Recreation District (SAJRD). The SAJRD is the Sylvania Recreation Corporation’s sponsoring government as four of the seven Sylvania Recreation Corporation board members are also SAJRD Board Members. The Sylvania Recreation Corporation is fiscally dependent on the SAJRD as the SAJRD provides revenue throughout the year to the Sylvania Recreation Corporation. Sylvania Recreation Corporation is reported as a discretely presented component unit on the SAJRD’s financial statements. Separately issued financial statements for the Sylvania Recreation Corporation can be obtained from the Operations Manager of the Sylvania Recreation Corporation, 7060 Sylvania Avenue, Sylvania, Ohio 43560.

Sylvania Tam-O-Shanter Sports, Inc. – The Sylvania Tam-O-Shanter is a legally separate, not-for-profit corporation. The Sylvania Tam-O-Shanter Sports, Inc., under a contractual agreement with the SAJRD, provides services for the hosting and programming of athletic and exhibition events. The SAJRD is the Sylvania Tam-O-Shanter Sports, Inc.’s sponsoring government as four of the seven Sylvania Tam-O-Shanter Sports Inc.’s board members are also SAJRD Board Members. The SAJRD is financially accountable for the Sylvania Tam-O-Shanter Sports Inc. as it can impose its will on the Sylvania Tam-O-Shanter, Inc. The Sylvania Tam-O-Shanter Sports, Inc. is reported as a discretely presented component unit on the SAJRD’s financial statements. Separately issued financial statements for the Sylvania Tam-O-Shanter Sports, Inc. can be obtained from the Operations Manager of the Sylvania Tam-O-Shanter Sports, Inc., 7060 Sylvania Avenue, Sylvania, Ohio 43560.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are summarized by type in the basic financial statements. The following fund types are used by the District:

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

The governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

General Fund – This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

General Obligation Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on general obligation debt.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no activities considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis when the exchange takes place and the resources are available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues, is recorded as revenue when received in cash because it is generally not measurable until received.

Property taxes measurable as of December 31, 2018, but which are not intended to finance 2018 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund and function level of control. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the function level within each fund without the approval of the District Board. Budgetary modifications above the major function level by fund may only be made by resolution of the District Board.

1. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the District by September 1 of each year. As part of the certification process, the District receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2018.

2. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund and function level, and may be modified during the year by ordinance of the District Board. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the fund and function level. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance, if any, is carried forward to the subsequent fiscal year and need not be reappropriated.

4. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

	<u>Net Change In Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	(\$30,341)
Outstanding Encumbrances	<u>(7,955)</u>
Budget Basis	<u><u>(\$38,296)</u></u>

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits. The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Pooled Cash, Cash Equivalents and Investments."

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code and local ordinances. Interest revenue credited to the general fund during fiscal year 2018 amounted to \$5,973, which includes \$3,474 assigned from other District funds. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 4, "Pooled Cash, Cash Equivalents and Investments."

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets and Depreciation

1. Property, Plant and Equipment - Governmental Activities

Governmental activities' capital assets are those not directly related to business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net position, but they are not reported in the Fund Financial Statements.

2. Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (in years)
Buildings & Improvements	15 - 50
Machinery and Equipment	15

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Debt

Long-term debt is being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Obligation Debt Service Fund

K. Net position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Balances (Continued)

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority. For the District, these constraints consist of ordinances and resolutions passed by the Board of Trustees. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use unrestricted resources first (committed, assigned and unassigned), then restricted resources as they are needed.

M. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2018.

P. Fair Value

The 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. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 2 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General Fund</u>	<u>General Obligation Debt Service Fund</u>	<u>Total Governmental Funds</u>
Restricted:			
General Obligation Debt Service Payments	\$0	\$507,017	\$507,017
Assigned:			
Subsequent Year Appropriations	356,650	0	356,650
Unassigned	7,955	0	7,955
Total Fund Balances	<u>\$364,605</u>	<u>\$507,017</u>	<u>\$871,622</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

For 2018, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” Statement No. 85, “Omnibus 2017,” and Statement No. 86, “Certain Debt Extinguishment Issues.”

GASB Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to OPEB. The implementation of GASB Statement No. 75 did not have an effect on the financial statements of the District.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the District.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the District.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." Ohio law requires the classification of funds held by the District into three categories.

Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the District. Such funds must be maintained either as cash in the District treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District's policy is to place deposits with major local banks.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the District's deposits was \$871,622 and the bank balance was \$874,329. Federal depository insurance covered \$250,000 of the bank balance and \$624,329 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the District's name and securities held in the Ohio Pooled Collateral System.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2018 were levied after October 1, 2017 on assessed values as of January 1, 2017, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2012. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the Sylvania Area Joint Recreational District. The County Auditor periodically remits to the District its portion of the taxes collected. The full tax rate for all District operations for the year ended December 31, 2018 was \$2.11 per \$1,000 of assessed value. The assessed value upon which the 2018 receipts were based was \$1,411,376,650. This amount constitutes \$1,373,628,590 in real property assessed value, and \$37,748,060 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the District's share is .211% (2.11 mills) of assessed value.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 6 - RECEIVABLES

Receivables at December 31, 2018 consisted of taxes and intergovernmental receivables. All receivables are considered collectible in full.

NOTE 7 – CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2018:

Historical Cost:

Class	December 31, 2017	Additions	Deletions	December 31, 2018
<i>Capital assets not being depreciated:</i>				
Land	\$3,743,152	\$0	\$0	\$3,743,152
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	18,004,487	211,260	0	18,215,747
Machinery and Equipment	884,123	44,267	0	928,390
Total Cost	<u>\$22,631,762</u>	<u>\$255,527</u>	<u>\$0</u>	<u>\$22,887,289</u>

Accumulated Depreciation:

Class	December 31, 2017	Additions	Deletions	December 31, 2018
Buildings and Improvements	(\$4,733,255)	(\$486,112)	\$0	(\$5,219,367)
Machinery and Equipment	(377,126)	(61,893)	0	(439,019)
Total Depreciation	<u>(\$5,110,381)</u>	<u>(\$548,005) *</u>	<u>\$0</u>	<u>(\$5,658,386)</u>
<i>Net Value:</i>	<u>\$17,521,381</u>			<u>\$17,228,903</u>

* District Depreciation expenses were charged to governmental functions as follows:

Leisure Time Activities	<u>\$548,005</u>
Total Depreciation Expense	<u>\$548,005</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 8 - LONG-TERM DEBT

Long-term debt of the District at December 31, 2018 is as follows:

	Issue Date	Balance December 31, 2017	Issued	(Retired)	Balance December 31, 2018	Amounts Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
3.00% Recreation Facility	2008	\$6,099,993	\$0	(\$470,000)	\$5,629,993	\$505,000
Premium G.O. Bonds	2008	163,658	0	(14,878)	148,780	14,878
3.35% Recreation Facility	2012	285,000	0	(85,000)	200,000	95,000
Premium G.O. Bonds	2012	20,502	0	(6,833)	13,669	6,833
2.60% Recreation Facility	2013	795,000	0	(260,000)	535,000	265,000
Premium G.O. Bonds	2013	20,353	0	(6,785)	13,568	6,785
Total General Obligation Bonds		<u>7,384,506</u>	<u>0</u>	<u>(\$843,496)</u>	<u>6,541,010</u>	<u>893,496</u>
Total Governmental Activities Long-Term Debt		<u>\$7,384,506</u>	<u>\$0</u>	<u>(\$843,496)</u>	<u>\$6,541,010</u>	<u>\$893,496</u>

In addition to the debt listed above, the SAJRD has also unconditionally guaranteed long-term notes issued by the Sylvania Recreation Corporation. As of December 31, 2018, these long-term notes had a principal balance of \$94,232.

The SAJRD has also put forward as collateral facility improvements and certain capital assets towards long-term notes issued by the Sylvania Tam-O-Shanter Sports, Inc. As of December 31, 2018, these long-term notes had a principal balance of \$154,169.

2008 General Obligation Bonds - During 2008, the District issued \$8,979,993 worth of Recreation Facility bonds for work done on the Recreation Facility. These bonds have a variable interest rate ranging from 3.00% in 2009 to 4.5% in 2028, the year of maturity for the bonds.

A. Principal and Interest Requirements

The District's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2018, is as follows:

Years	G.O. Bonds	
	Principal	Interest
2019	\$865,000	\$290,942
2020	910,000	260,063
2021	580,000	227,434
2022	595,000	204,234
2023	630,000	179,690
2024-2028	<u>2,784,993</u>	<u>481,066</u>
Totals	<u>\$6,364,993</u>	<u>\$1,643,429</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 8 - LONG-TERM DEBT (Continued)

B. Defeasance of General Obligation Debt

In July 2004, the District defeased \$3,200,000 of General Obligation Bonds for Recreation Facility Improvements dated May 1, 1995 (the “1995 Bonds”), through the issuance of \$3,365,000 of General Obligation Bonds for Recreation Facility Improvements (the “2004 Bonds”). The net proceeds of the 2004 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds are not included in the District’s outstanding debt since the District has, in substance, satisfied its obligations through the advance refunding. The District obtained an economic gain of \$97,938.

C. Refunded General Obligation Debt

On May 8, 2012, the District refunded \$780,000 of outstanding bonds (the “1995 Bonds”) with an interest rate of 5.0% with \$780,000 refunding bonds issued in May 2012. The entire principal amount of the 1995 bonds was paid off during 2012. The refunding was undertaken for the purpose of reducing interest rates and debt service on the prior bonds. This transaction resulted in a savings to the District of \$102,693.

On July 3, 2013, the District refunded \$1,320,000 of outstanding bonds (the “2004 Bonds”) with an interest rate of 3.75% with \$1,320,000 refunding bonds issued in July 2013. \$1,320,000 of the principal amount of the 2004 bonds was paid off during 2013. The refunding was undertaken for the purpose of reducing interest rates and debt service on the prior bonds. This transaction resulted in a savings to the District of \$126,243.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 9 - OPERATING LEASE COMMITMENTS

The District is committed under a lease with the Sylvania City School District Board of Education for a piece of property known as Veteran's Memorial Field at an annual rate of \$1.00, to be used for its community and recreational programs. Under the terms of the lease, the District is responsible for operating and maintaining the property. This lease began on August 1, 1997 and is scheduled to end on July 31, 2022, at which time the District has the option to renew the lease for an additional twenty-five years. This lease is considered for accounting purposes to be an operating lease. Lease expenditures for the fiscal year ended December 31, 2018, amounted to \$1.00.

The District is committed under a lease with the City of Sylvania for a piece of property containing an ice skating complex and a field house owned by the District which is used for its community and recreational programs. Under the terms of the lease, the District is responsible for operating and maintaining the property. The initial term of the lease is for fifty (50) years; with the aggregate base rent of \$1,000.00. This lease began on June 25, 2008 and is scheduled to end on June 30, 2058, at which time the District has the option to renew the lease for three additional ten year periods each commencing on the expiration of the initial term or the prior renewal term with aggregate rent payments of \$100.00 for each period. This lease is considered for accounting purposes to be an operating lease. Lease expenditures for the fiscal year ended December 31, 2018 amounted to \$1,000.00 which is the aggregate base rent for the initial term.

On June 15, 2009, the District entered into an additional operating lease with the City of Sylvania for 3.094 acres of undeveloped, City-owned property adjacent to Centennial Terrace which is owned by the District. The purpose of the lease was to provide for overflow parking at the larger events held at this venue. The lease provided for payment of \$10.00 per year for a period of thirty-six (36) months, from July 1, 2009 through June 30, 2012. The lease term is for 108 months, from July 1, 2009 through June 30, 2018. The District is authorized to make improvements to the property to provide for vehicle parking. The City may cancel the lease after 36 months but must reimburse the District, on a pro-rata basis, for the improvements made to the site.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

During 2018, the District contracted with several different insurance providers for various insurance coverages, as follows:

Type of Coverage	Coverage	Deductible
General Liability – Occurrence/Aggregate	\$7,000,000/\$9,000,000	\$0
Automobile (CSL) – Occurrence/Aggregate	\$7,000,000/9,000,000	\$250
Real and Personal Property	\$23,201,687	\$1,000
Public Officials Liability – Occurrence/Aggregate	\$7,000,000/\$9,000,000	\$2,500
Crime Coverage:		
Blanket Bond	\$100,000	\$0
Forgery Alterations	\$10,000	\$0
Theft, Disappearance and Destruction	\$15,000	\$0
Computer Fraud – Cyber Liability	\$25,000	\$25,000
Equipment-Inland Marine	\$1,022,851	\$1,000

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 11 - CONTINGENCIES

During 2016, the Sylvania Area Joint Recreation District (SAJRD) entered into an agreement with Tam O'Shanter Sports, Inc. (TOS, Inc.), the nonprofit corporation, which operates and manages the Tam O'Shanter sports and exhibition complex owned by SAJRD. Under the agreement, SAJRD committed to pay TOS, Inc. an annual amount to help defray the payments on a bank loan made to TOS, Inc. for construction of an addition to the Tam O'Shanter complex for office space and storage facilities. The annual payment will depend on the net profit derived from a public event, known as the Children's Wonderland, which is held during the holiday season at the Sylvania Recreation Corporation (SRC) venue. The terms of the agreement require SAJRD to pay an annual amount, not to exceed Fifty Thousand Dollars (\$50,000), to TOS, Inc. for a period of ten years, beginning in 2016.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 12 – SYLVANIA RECREATION CORPORATION

A. Basis of Presentation

Sylvania Recreation Corporation is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of Net Position. Sylvania Recreation Corporation uses the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred.

B. Deposits

At year end the carrying amount of Sylvania Recreation Corporation's deposits was of \$346,797 and the bank balance was \$357,791. The Federal Deposit Insurance Corporation (FDIC) covered \$250,000 of the bank balance. The remaining \$107,791 was uninsured and collateralized with securities held by the pledging institution's trust department, not in Sylvania Recreation Corporation's name. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

C. Capital Assets

Summary by Category at December 31, 2018:

Historical Cost:

<u>Class</u>	<u>December 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2018</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	\$22,622	\$12,390	\$0	\$35,012
Machinery and Equipment	1,066,846	24,785	(12,504)	1,079,127
Total Cost	<u>\$1,089,468</u>	<u>\$37,175</u>	<u>(\$12,504)</u>	<u>\$1,114,139</u>

Accumulated Depreciation:

<u>Class</u>	<u>December 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2018</u>
Buildings and Improvements	(\$22,622)	(\$50)	\$0	(\$22,672)
Machinery and Equipment	(922,269)	(56,850)	12,504	(966,615)
Total Depreciation	<u>(\$944,891)</u>	<u>(\$56,900)</u>	<u>\$12,504</u>	<u>(\$989,287)</u>

Net Value:

	<u>\$144,577</u>			<u>\$124,852</u>
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SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 13 – SYLVANIA TAM-O-SHANTER SPORTS, INC.

A. Basis of Presentation

Sylvania Tam-O-Shanter Sports, Inc. is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of Net Position. Sylvania Tam-O-Shanter Sports, Inc. uses the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred.

Sylvania Tam-O-Shanter Sports, Inc. has a July 31 reporting year-end; therefore, all information pertaining to Sylvania Tam-O-Shanter Sports, Inc. will be presented as of and for the year ended July 31, 2018.

B. Deposits

At year end, the carrying amount of the Sylvania Tam-O-Shanter Sports, Inc.'s deposits was \$80,331 and the bank balance was \$80,331. The Federal Deposit Insurance Corporation (FDIC) covered \$80,331 of the bank balance. \$0 was uninsured and collateralized with securities held by the pledging institution's trust department, not in the Sylvania Tam-O-Shanter Sports, Inc.'s name. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

NOTE 14 – SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods for the District. The impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Sylvania Area Joint Recreation District
Lucas County
7060 Sylvania Avenue
Sylvania, Ohio 43560-3528

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the discretely presented component units, and each major fund, of Sylvania Area Joint Recreation District, Lucas County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 19, 2020. Our report refers to other auditors who audited the financial statements of Sylvania Recreation Corporation and Sylvania Tam-O-Shanter Sports, Inc., the discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. The financial statements of Sylvania Recreation Corporation and Sylvania Tam-O-Shanter Sports, Inc. were not audited in accordance with *Government Auditing Standards*. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

October 19, 2020

**SYLVANIA AREA JOINT RECREATION DISTRICT
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors required adjustment to the financial statements for the year ended December 31, 2019 and 2018:

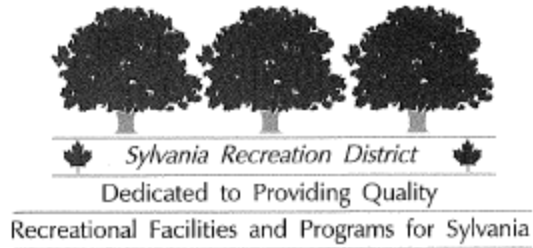
- In 2019, original budgeted revenue on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund, was understated for property taxes in the amount of \$199,700 and overstated for intergovernmental revenue in the amount of \$200,000;
- In 2018, original budgeted revenue on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund, was understated for property taxes in the amount of \$159,500 and overstated for intergovernmental revenue in the amount of \$278,000; and
- In 2018, final budgeted revenue on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund, was understated for intergovernmental revenue in the amount of \$146,135 and overstated for property taxes in the amount of \$149,700.

These errors were not identified and corrected prior to the District preparing its financial statements and notes to the financial statements due to deficiencies in the District’s internal controls over financial statement monitoring. Failing to prepare accurate financial statements could lead the Board of Directors to make misinformed decisions. The accompanying financial statements, notes to the financial statements, and where applicable, the District’s accounting records have been adjusted to reflect these changes. Additional errors in smaller relative amounts were also noted.

To help ensure the District’s financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Directors to help identify and correct errors and omissions.

Officials’ Response

We did not receive a response from Officials to this finding.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Material weakness due to errors in financial reporting and monitoring the financial statements resulting in audit adjustments.	Not corrected and repeated as Finding 2019-001 in this report.	Recurrence happened due to inadequate policies and procedures in reviewing the financial statements and accounting records throughout the audit period. The District is implementing procedures to correct these errors for the future.

OHIO AUDITOR OF STATE KEITH FABER



SYLVANIA AREA JOINT RECREATION DISTRICT

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/5/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov