



Dave Yost • Auditor of State



**SYLVANIA AREA JOINT RECREATION DISTRICT  
LUCAS COUNTY  
DECEMBER 31, 2017 AND 2016**

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**SYLVANIA AREA JOINT RECREATION DISTRICT  
LUCAS COUNTY  
DECEMBER 31, 2017 AND 2016**

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# Dave Yost • Auditor of State

## 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, 2017 and 2016, 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 audited 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, 2017 and 2016, 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.

**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 September 10, 2018, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 10, 2018

# **SYLVANIA AREA JOINT RECREATION DISTRICT**

**SYLVANIA, OHIO**

***Management's Discussion and Analysis  
For the Year Ended December 31, 2017***

***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, 2017. 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 2017 are as follows:**

- %* In total, net position increased \$1,127,573 from 2016.
- %* General revenues accounted for \$2.8 million in revenue or 81% of all revenues. Program specific revenues in the form of charges for services and capital contributions accounted for 19% of total revenues of \$3.5 million.
- %* The District had \$2.3 million in expenses related to governmental activities; \$668,559 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 \$1.6 million in revenues and \$1.5 million in expenditures. The general fund's fund balance increased \$108,759 to \$394,946.

## **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, 2017*

*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.

- x Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- x 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.
- x Governmental Activities – The District's program's 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, 2017*

*Unaudited*

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table provides a comparison of the District's net position between 2017 and 2016:

	Governmental Activities	
	2017	2016
Current and other assets	\$3,648,957	\$3,368,537
Capital assets, Net	17,521,381	17,391,031
Total assets	21,170,338	20,759,568
Long-term debt outstanding	7,384,506	8,203,002
Other liabilities	25,021	25,786
Total liabilities	7,409,527	8,228,788
Deferred Inflows of Resources:		
Property Tax Levy for Next Fiscal Year	2,621,323	2,518,865
Net position		
Net Investment in Capital Assets	10,136,875	9,188,029
Restricted	482,568	399,134
Unrestricted	520,045	424,752
Total net position	\$11,139,488	\$10,011,915

Changes in Net position – The following table shows the changes in net position for the fiscal year 2017 and 2016:

	Governmental Activities	
	2017	2016
Revenues		
Program revenues:		
Charges for Services and Sales	\$30,031	\$35,000
Capital Grants and Contributions	638,528	43,453
General revenues:		
Property Taxes	2,452,962	2,395,023
Shared Revenues	330,596	323,823
Investment Earnings	4,653	2,774
Total revenues	3,456,770	2,800,073
Program Expenses		
Leisure Time Activities	2,030,381	1,981,845
Interest and Fiscal Charges	298,816	470,224
Total expenses	2,329,197	2,452,069
Total Change in Net Position	1,127,573	348,004
Beginning Net Position	10,011,915	9,663,911
Ending Net Position	\$11,139,488	\$10,011,915

# SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis  
For the Year Ended December 31, 2017*

*Unaudited*

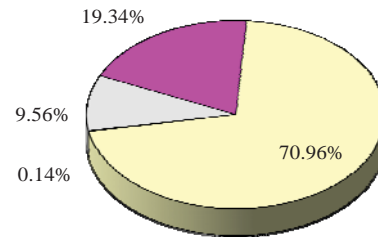
## **Governmental Activities**

Net position of the District's governmental activities increased by \$1,127,573.

Capital Grants and Contributions increased by \$595,075, 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 70.96% of total revenues from property tax revenues:

Revenue Sources	2017	Percent of Total
General Shared Revenues	\$330,596	9.56%
Program Revenues	668,559	19.34%
Property Tax Revenues	2,452,962	70.96%
General Other	4,653	0.14%
Total Revenue	<u>\$3,456,770</u>	<u>100.00%</u>



## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The District's governmental funds reported a combined fund balance of \$810,333, which is an increase from last year's balance of \$627,848. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2017 and 2016:

	Fund Balance December 31, 2017	Fund Balance December 31, 2016	Increase
General	\$394,946	\$286,187	\$108,759
General Obligation Debt Service	415,387	341,661	73,726
Total	<u>\$810,333</u>	<u>\$627,848</u>	<u>\$182,485</u>

# SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis  
For the Year Ended December 31, 2017*

*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:

	2017	2016	Increase
	Revenues	Revenues	(Decrease)
Property Taxes	\$1,406,617	\$1,384,393	\$22,224
Intergovernmental Revenue	189,661	188,592	1,069
Investment Earnings	4,653	2,774	1,879
All Other Revenue	30,031	35,000	(4,969)
Total	\$1,630,962	\$1,610,759	\$20,203

General Fund revenues in 2017 increased slightly compared to revenues in fiscal year 2016. The most significant factor contributing to this increase was the increase in property tax revenue.

	2017	2016	(Decrease)
	Expenditures	Expenditures	
Leisure Time Activities	\$1,522,203	\$1,641,744	(\$119,541)

General Fund expenditures decreased by \$119,541 or 7.3% from 2016 to 2017.

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 2017 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 million increased \$35,800 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, 2017

Unaudited

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal 2017 the District had \$17,521,381 net of accumulated depreciation invested in land, improvements, buildings and machinery and equipment. The following table shows fiscal year 2017 and 2016 balances:

	Governmental Activities		Increase (Decrease)
	2017	2016	
Land	\$3,743,152	\$3,365,352	\$377,800
Buildings and Improvements	18,004,487	17,763,603	240,884
Machinery and Equipment	884,123	841,176	42,947
Less: Accumulated Depreciation	(5,110,381)	(4,579,100)	(531,281)
Totals	\$17,521,381	\$17,391,031	\$130,350

The primary increases occurred in buildings and improvements and land. The increase in buildings and improvements and land was related to the purchase that the District made of Veteran's Memorial Field. 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 \$1,500,000 at December 31, 2016 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, 2017***

***Unaudited***

At December 31, 2017, the District had \$7.2 million in bonds outstanding, \$815,000 due within one year. The following table summarizes the District's debt outstanding as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Governmental Activities:		
General Obligation Bonds	\$7,179,993	\$7,969,993
Premium on G.O. Bonds	204,513	233,009
Total Governmental Activities	<u>\$7,384,506</u>	<u>\$8,203,002</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, 2017, 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 2017 utilized conservative revenue estimates with limited increases in base operating costs. Original General Fund revenues were projected to be 2.6% less than the actual receipts for 2017.

General Fund expenditures were originally budgeted at more than 2017 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.

***SYLVANIA AREA JOINT RECREATION DISTRICT***

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***SYLVANIA, OHIO***

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# SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

## Statement of Net Position December 31, 2017

	Primary Government	Component Units	
	Governmental Activities	Sylvania Recreation Corporation	Sylvania Tam- O-Shanter Sports Inc.
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 810,333	\$ 402,186	\$ 97,328
Receivables:			
Taxes	2,674,947	0	0
Accounts	0	12,605	90,007
Intergovernmental	163,677	0	0
Inventory of Supplies at Cost	0	10,468	0
Inventory Held for Resale	0	0	206,553
Prepaid Items	0	44,285	72,773
Prepaid Rent to SAJRD	0	0	562,605
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	13,778,229	144,577	0
<b>Total Assets</b>	<b>21,170,338</b>	<b>632,621</b>	<b>1,032,266</b>
<b>Liabilities:</b>			
Accounts Payable	0	48,332	238,187
Accrued Wages and Benefits	0	40,456	33,354
Accrued Profit Share	0	65,971	76,935
Program Fees and Memberships	0	139,583	0
Other Accrued Expenses	0	0	7,406
Unearned Revenue	0	0	181,691
Accrued Interest Payable	25,021	0	0
Noncurrent liabilities:			
Due within one year	843,496	125,692	279,359
Due in more than one year	6,541,010	98,019	202,633
<b>Total Liabilities</b>	<b>7,409,527</b>	<b>518,053</b>	<b>1,019,565</b>
<b>Deferred Inflows of Resources:</b>			
Property Tax Levy for Next Fiscal Year	2,621,323	0	0
<b>Net Position:</b>			
Net Investment in Capital Assets	10,136,875	36,775	0
Restricted For:			
Debt Service	482,568	0	0
Unrestricted	520,045	77,793	12,701
<b>Total Net Position</b>	<b>\$ 11,139,488</b>	<b>\$ 114,568</b>	<b>\$ 12,701</b>

See accompanying notes to the basic financial statements

**SYLVANIA AREA JOINT RECREATION DISTRICT**

**SYLVANIA, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2017**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Current:				
Leisure Time Activities	\$ 2,030,381	\$ 30,031	\$ 0	\$ 638,528
Interest and Fiscal Charges	298,816	0	0	0
<b>Total Governmental Activities</b>	<u>\$ 2,329,197</u>	<u>\$ 30,031</u>	<u>\$ 0</u>	<u>\$ 638,528</u>
<b>Component Units:</b>				
Sylvania Recreation Corporation	\$ 3,548,686	\$ 2,315,656	\$ 1,327,000	\$ 0
Sylvania Tam-O-Shanter Sports Inc.	3,375,468	3,335,909	0	0
<b>Total Component Units</b>	<u>\$ 6,924,154</u>	<u>\$ 5,651,565</u>	<u>\$ 1,327,000</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.
\$ (1,361,822)		
(298,816)		
<u>(1,660,638)</u>		
	\$ 93,970	\$ 0
	0	(39,559)
	<u>93,970</u>	<u>(39,559)</u>
2,452,962	0	0
330,596	0	0
4,653	1,402	0
0	23,405	0
<u>2,788,211</u>	<u>24,807</u>	<u>0</u>
1,127,573	118,777	(39,559)
10,011,915	(4,209)	52,260
<u>\$ 11,139,488</u>	<u>\$ 114,568</u>	<u>\$ 12,701</u>

**SYLVANIA AREA JOINT RECREATION DISTRICT**

**SYLVANIA, OHIO**

**Balance Sheet**  
**Governmental Funds**  
**December 31, 2017**

	General	General Obligation Debt Service	Total Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 394,946	\$ 415,387	\$ 810,333
Receivables:			
Taxes	1,526,631	1,148,316	2,674,947
Intergovernmental	94,234	69,443	163,677
<b>Total Assets</b>	<b>\$ 2,015,811</b>	<b>\$ 1,633,146</b>	<b>\$ 3,648,957</b>
<b>Liabilities:</b>			
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	125,099	92,202	217,301
Property Tax for Next Fiscal Year	1,495,766	1,125,557	2,621,323
<b>Total Deferred Inflows of Resources</b>	<b>1,620,865</b>	<b>1,217,759</b>	<b>2,838,624</b>
<b>Fund Balances:</b>			
Restricted	0	415,387	415,387
Assigned	394,946	0	394,946
<b>Total Fund Balances</b>	<b>394,946</b>	<b>415,387</b>	<b>810,333</b>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,015,811</b>	<b>\$ 1,633,146</b>	<b>\$ 3,648,957</b>

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, 2017***

<b>Total Governmental Fund Balances</b>		\$ 810,333
<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.		17,521,381
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	53,624	
Intergovernmental	<u>163,677</u>	217,301
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.		(25,021)
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	(7,179,993)	
Premium on General Obligation Bonds Payable	<u>(204,513)</u>	<u>(7,384,506)</u>
<b><i>Net Position of Governmental Activities</i></b>		<b><u>\$ 11,139,488</u></b>

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, 2017**

	General	General Obligation Debt Service	Total Governmental Funds
<b>Revenues:</b>			
Property Taxes	\$ 1,406,617	\$ 1,053,410	\$ 2,460,027
Intergovernmental Revenues	189,661	138,393	328,054
Investment Earnings	4,653	0	4,653
All Other Revenue	30,031	0	30,031
<b>Total Revenue</b>	<u>1,630,962</u>	<u>1,191,803</u>	<u>2,822,765</u>
<b>Expenditures:</b>			
Current:			
Leisure Time Activities	1,522,203	0	1,522,203
Debt Service:			
Principal Retirement	0	790,000	790,000
Interest & Fiscal Charges	0	328,077	328,077
<b>Total Expenditures</b>	<u>1,522,203</u>	<u>1,118,077</u>	<u>2,640,280</u>
Excess (Deficiency) of Revenues Over Expenditures	108,759	73,726	182,485
<b>Fund Balances at Beginning of Year</b>	286,187	341,661	627,848
<b>Fund Balances End of Year</b>	<u>\$ 394,946</u>	<u>\$ 415,387</u>	<u>\$ 810,333</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, 2017*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$	182,485
<i>Amounts reported for governmental activities in the statement of activities are different because</i>			
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	23,103		
Depreciation	<u>(531,281)</u>	(508,178)	
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.			
			638,528
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Property Taxes	(7,065)		
Intergovernmental	<u>2,542</u>	(4,523)	
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	790,000		
Amortization of Premium on General Obligation Bonds	<u>28,496</u>	818,496	
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>765</u>
<b><i>Change in Net Position of Governmental Activities</i></b>		<b>\$</b>	<b><u>1,127,573</u></b>

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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 1,360,500	\$ 1,400,300	\$ 1,406,617	\$ 6,317
Intergovernmental Revenue	190,000	190,000	189,661	(339)
Investment Earnings	3,000	4,000	4,653	653
All Other Revenues	35,000	30,000	30,031	31
Total Revenues	<u>1,588,500</u>	<u>1,624,300</u>	<u>1,630,962</u>	<u>6,662</u>
<b>Expenditures:</b>				
Current:				
Leisure Time Activities	1,874,687	1,910,487	1,522,203	388,284
Excess (Deficiency) of Revenues Over (Under) Expenditures	(286,187)	(286,187)	108,759	394,946
Fund Balance at Beginning of Year	286,187	286,187	286,187	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 394,946</u>	<u>\$ 394,946</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, 2017***

### **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, 2017 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, 2017***

### **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, 2017***

### **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, 2017*

### 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, 2017***

### **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, 2017, but which are not intended to finance 2017 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, 2017***

### **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 District's 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 2017.

#### **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, 2017**

**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)	<u>\$108,759</u>
Budget Basis	<u><u>\$108,759</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, 2017**

**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 2017 amounted to \$4,653, which includes \$2,385 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, 2017, 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:

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

**SYLVANIA AREA JOINT RECREATION DISTRICT**

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SYLVANIA, OHIO

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017**

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**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, 2017***

### **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, 2017**

**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 2017.

**P. Fair Value**

The City 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	\$415,387	\$415,387
Assigned:			
Subsequent Year Appropriations	394,946	0	394,946
Total Fund Balances	<u>\$394,946</u>	<u>\$415,387</u>	<u>\$810,333</u>

# SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

## *Notes to the Basic Financial Statements For the Year Ended December 31, 2017*

### **NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2017, the District has implemented GASB Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”, GASB Statement No. 80 “Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14”, GASB Statement No. 81, “Irrevocable Split-Interest Agreements”, and GASB Statement No. 82, “Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73.”

GASB Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The implementation of GASB Statement No. 74 did not have an effect on the financial statements of the District.

GASB Statement No. 80 improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 81 improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 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, 2017***

### **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:

- x 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;
- x 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;
- x 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;
- x Interim deposits in eligible institutions applying for interim funds;
- x Bonds and other obligations of the State of Ohio;
- x 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
- x The State Treasury Asset Reserve of Ohio (STAR Ohio).

# **SYLVANIA AREA JOINT RECREATION DISTRICT**

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**SYLVANIA, OHIO**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2017***

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### **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 \$810,333 and the bank balance was \$810,468. Federal depository insurance covered \$250,000 of the bank balance and \$560,468 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**

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**SYLVANIA, OHIO**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2017***

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### **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 2017 were levied after October 1, 2016 on assessed values as of January 1, 2016, 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, 2017 was \$2.10 per \$1,000 of assessed value. The assessed value upon which the 2017 receipts were based was \$1,395,533,960. This amount constitutes \$1,361,791,310 in real property assessed value, \$33,742,650 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 .210% (2.10 mills) of assessed value.

**SYLVANIA AREA JOINT RECREATION DISTRICT**

**SYLVANIA, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017**

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2017 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, 2017:

*Historical Cost:*

Class	December 31, 2016	Additions	Deletions	December 31, 2017
<i>Capital assets not being depreciated:</i>				
Land	\$3,365,352	\$377,800	\$0	\$3,743,152
Construction in Progress	0	0	0	0
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	17,763,603	240,884	0	18,004,487
Machinery and Equipment	841,176	42,947	0	884,123
Total Cost	<u>\$21,970,131</u>	<u>\$661,631</u>	<u>\$0</u>	<u>\$22,631,762</u>

*Accumulated Depreciation:*

Class	December 31, 2016	Additions	Deletions	December 31, 2017
Buildings and Improvements	(\$4,260,916)	(\$472,339)	\$0	(\$4,733,255)
Machinery and Equipment	(318,184)	(58,942)	0	(377,126)
Total Depreciation	<u>(\$4,579,100)</u>	<u>(\$531,281) *</u>	<u>\$0</u>	<u>(\$5,110,381)</u>
<i>Net Value:</i>	<u>\$17,391,031</u>			<u>\$17,521,381</u>

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

Leisure Time Activities	<u>\$531,281</u>
Total Depreciation Expense	<u>\$531,281</u>

**SYLVANIA AREA JOINT RECREATION DISTRICT**

**SYLVANIA, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017**

**NOTE 8 - LONG-TERM DEBT**

Long-term debt of the District at December 31, 2017 is as follows:

	Issue Date	Balance December 31, 2016	Issued	(Retired)	Balance December 31, 2017	Amounts Due Within One Year
<b>Governmental Activities:</b>						
General Obligation Bonds:						
3.00% Recreation Facility	2008	\$6,549,993	\$0	(\$450,000)	\$6,099,993	\$470,000
Premium G.O. Bonds	2008	178,536	0	(14,878)	163,658	14,878
3.35% Recreation Facility	2012	370,000	0	(85,000)	285,000	85,000
Premium G.O. Bonds	2012	27,335	0	(6,833)	20,502	6,833
2.60% Recreation Facility	2013	1,050,000	0	(255,000)	795,000	260,000
Premium G.O. Bonds	2013	27,138	0	(6,785)	20,353	6,785
Total General Obligation Bonds		<u>8,203,002</u>	<u>0</u>	<u>(818,496)</u>	<u>7,384,506</u>	<u>843,496</u>
Total Governmental Activities						
Long-Term Debt		<u>\$8,203,002</u>	<u>\$0</u>	<u>(\$818,496)</u>	<u>\$7,384,506</u>	<u>\$843,496</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, 2017, these long-term notes had a principal balance of \$107,802.

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, 2017, these long-term notes had a principal balance of \$185,511.

**A. Principal and Interest Requirements**

The District's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2017, is as follows:

Years	G.O. Bonds	
	Principal	Interest
2018	\$843,496	\$300,252
2019	893,496	290,942
2020	938,496	260,063
2021	594,878	227,434
2022	609,878	204,234
2023-2027	3,469,390	626,106
2028	34,872	34,650
Totals	<u>\$7,384,506</u>	<u>\$1,943,681</u>

# **SYLVANIA AREA JOINT RECREATION DISTRICT**

**SYLVANIA, OHIO**

## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2017***

### **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***

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***SYLVANIA, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2017***

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### **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, 2017, 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, 2017 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, 2017

### 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 2017 the District contracted with several different insurance providers for various insurance coverages, as follows:

Type of Coverage	Coverage	Deductible
General Liability	\$7,000,000	\$0
Automobile (CSL)	\$7,000,000	\$250
Excess Liability	\$2,000,000	\$10,000
Real and Personal Property	\$21,228,198	\$1,000
Public Officials Liability	\$7,000,000	\$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	\$876,193	\$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, 2017

### 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 \$402,186 and the bank balance was \$401,965. The Federal Deposit Insurance Corporation (FDIC) covered \$250,000 of the bank balance. The remaining \$151,965 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, 2017:

##### *Historical Cost:*

<u>Class</u>	<u>December 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2017</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	\$22,622	\$0	\$0	\$22,622
Machinery and Equipment	1,035,190	90,249	(58,593)	1,066,846
Total Cost	<u>\$1,057,812</u>	<u>\$90,249</u>	<u>(\$58,593)</u>	<u>\$1,089,468</u>

##### *Accumulated Depreciation:*

<u>Class</u>	<u>December 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2017</u>
Buildings and Improvements	(\$22,622)	\$0	\$0	(\$22,622)
Machinery and Equipment	(926,067)	(54,795)	58,593	(922,269)
Total Depreciation	<u>(\$948,689)</u>	<u>(\$54,795)</u>	<u>\$58,593</u>	<u>(\$944,891)</u>
<i>Net Value:</i>	<u>\$109,123</u>			<u>\$144,577</u>

# ***SYLVANIA AREA JOINT RECREATION DISTRICT***

***SYLVANIA, OHIO***

## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2017***

### **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, 2017.

#### **B. Deposits**

At year end the carrying amount of the Sylvania Tam-O-Shanter Sports, Inc.'s deposits was of \$97,328 and the bank balance was \$97,328. The Federal Deposit Insurance Corporation (FDIC) covered \$97,328 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.

# SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

## *Management's Discussion and Analysis For the Year Ended December 31, 2016*

*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, 2016. 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 2016 are as follows:

- ‰ In total, net position increased \$348,004 from 2015.
- ‰ General revenues accounted for \$2.7 million in revenue or 97% of all revenues. Program specific revenues in the form of charges for services accounted for 3% of total revenues of \$2.8 million.
- ‰ The District had \$2.5 million in expenses related to governmental activities; \$78,453 of these expenses were offset by program specific charges for services. General revenues (primarily taxes) had a balance of \$2.7 million.
- ‰ Among major funds, the general fund had \$1.6 million in revenues and \$1.6 million in expenditures. The general fund's fund balance decreased \$30,985 to \$286,187 on a modified accrual basis.

### 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, 2016***

***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.

- x Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- x 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.
- x Governmental Activities – The District's program's 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, 2016*

*Unaudited*

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table provides a comparison of the District's net position between 2016 and 2015:

	Governmental Activities	
	2016	2015
Current and other assets	\$3,368,537	\$3,367,410
Capital assets, Net	17,391,031	17,687,679
Total assets	20,759,568	21,055,089
Long-term debt outstanding	8,203,002	8,802,837
Other liabilities	25,786	66,415
Total liabilities	8,228,788	8,869,252
Deferred Inflows of Resources:		
Property Tax Levy for Next Fiscal Year	2,518,865	2,521,926
Net position		
Net Investment in Capital Assets	9,188,029	8,884,842
Restricted	399,134	323,502
Unrestricted	424,752	455,567
Total net position	\$10,011,915	\$9,663,911

Changes in Net position – The following table shows the changes in net position for the fiscal year 2016 and 2015:

	Governmental Activities	
	2016	2015
Revenues		
Program revenues:		
Charges for Services and Sales	\$35,000	\$32,500
Capital Grants and Contributions	43,453	138,140
General revenues:		
Property Taxes	2,395,023	2,364,172
Shared Revenues	323,823	324,470
Investment Earnings	2,774	2,784
Total revenues	2,800,073	2,862,066
Program Expenses		
Leisure Time Activities	1,981,845	1,869,712
Interest and Fiscal Charges	470,224	543,667
Total expenses	2,452,069	2,413,379
Total Change in Net Position	348,004	448,687
Beginning Net Position	9,663,911	9,215,224
Ending Net Position	\$10,011,915	\$9,663,911

**SYLVANIA AREA JOINT RECREATION DISTRICT**

**SYLVANIA, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2016**

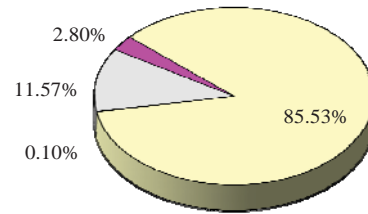
**Unaudited**

**Governmental Activities**

Net position of the District's governmental activities increased by \$348,004.

The District's reliance upon tax revenues is demonstrated by the following graph indicating 85.53% of total revenues from property tax revenues:

Revenue Sources	2016	Percent of Total
General Shared Revenues	\$323,823	11.57%
Program Revenues	78,453	2.80%
Property Tax Revenues	2,395,023	85.53%
General Other	2,774	0.10%
<b>Total Revenue</b>	<b>\$2,800,073</b>	<b>100.00%</b>



**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The District's governmental funds reported a combined fund balance of \$627,848, which is an increase from last year's balance of \$608,445. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2016 and 2015:

	Fund Balance December 31, 2016	Fund Balance December 31, 2015	Increase/ (Decrease)
General	\$286,187	\$317,172	(\$30,985)
General Obligation Debt Service	341,661	291,273	50,388
<b>Total</b>	<b>\$627,848</b>	<b>\$608,445</b>	<b>\$19,403</b>



# SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis  
For the Year Ended December 31, 2016*

*Unaudited*

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

	2016 Revenues	2015 Revenues	Increase (Decrease)
Property Taxes	\$1,384,393	\$1,368,792	\$15,601
Intergovernmental Revenue	188,592	190,046	(1,454)
Investment Earnings	2,774	2,784	(10)
All Other Revenue	35,000	32,500	2,500
Total	<u>\$1,610,759</u>	<u>\$1,594,122</u>	<u>\$16,637</u>

General Fund revenues in 2016 increased slightly compared to revenues in fiscal year 2015. The most significant factor contributing to this increase was the increase in property tax revenue.

	2016 Expenditures	2015 Expenditures	Increase
Leisure Time Activities	\$1,641,744	\$1,593,576	\$48,168

General Fund expenditures increased by \$48,168 or 3% from 2015 to 2016.

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 2016 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 million increased \$30,300 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, 2016*

*Unaudited*

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### *Capital Assets*

At the end of fiscal 2016 the District had \$17,391,031 net of accumulated depreciation invested in land, improvements, buildings and machinery and equipment. The following table shows fiscal year 2016 and 2015 balances:

	Governmental Activities		Increase (Decrease)
	2016	2015	
Land	\$3,365,352	\$3,365,352	\$0
Buildings and Improvements	17,763,603	17,656,312	107,291
Machinery and Equipment	841,176	724,015	117,161
Less: Accumulated Depreciation	(4,579,100)	(4,058,000)	(521,100)
Totals	\$17,391,031	\$17,687,679	(\$296,648)

The primary increase occurred in buildings and improvements and machinery and equipment. The increase in buildings and improvements was related to new asphalt for Pacesetter Park. The increase in machinery and equipment was related to a new silkscreen press, electric service line at Sylvania Tam-O-Shanter, Sports, Inc., and new playground equipment at Burnham Park. Additional information on the District's capital assets can be found in Note 8.

### *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 \$1,590,000 at December 31, 2016 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, 2016***

***Unaudited***

At December 31, 2016, the District had \$8.0 million in bonds outstanding, \$790,000 due within one year. The following table summarizes the District's debt outstanding as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Governmental Activities:		
General Obligation Bonds	\$7,969,993	\$8,541,332
Premium on G.O. Bonds	233,009	261,505
Total Governmental Activities	<u>\$8,203,002</u>	<u>\$8,802,837</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, 2016, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 9.

## **ECONOMIC FACTORS**

The District's original budget for 2016 utilized conservative revenue estimates with limited increases in base operating costs. Original General Fund revenues were projected to be 1.7% less than the actual receipts for 2016.

General Fund expenditures were originally budgeted at more than 2016 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.

***SYLVANIA AREA JOINT RECREATION DISTRICT***

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***SYLVANIA, OHIO***

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**SYLVANIA AREA JOINT RECREATION DISTRICT**

**SYLVANIA, OHIO**

**Statement of Net Position  
December 31, 2016**

	Primary Government	Component Units	
	Governmental Activities	Sylvania Recreation Corporation	Sylvania Tam-O-Shanter Sports Inc.
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 627,848	\$ 315,912	\$ 66,243
Receivables:			
Taxes	2,579,554	0	0
Accounts	0	5,160	96,371
Intergovernmental	161,135	0	0
Inventory of Supplies at Cost	0	12,111	0
Inventory Held for Resale	0	0	218,515
Prepaid Items	0	42,881	69,148
Prepaid Rent to SAJRD	0	0	678,059
Deposits	0	0	3,000
Liquor License	0	18,500	0
Capital Assets:			
Capital Assets not Being Depreciated	3,365,352	0	0
Capital Assets Being Depreciated	14,025,679	109,123	0
<b>Total Assets</b>	<b>20,759,568</b>	<b>503,687</b>	<b>1,131,336</b>
<b>Liabilities:</b>			
Accounts Payable	0	6,569	221,337
Accrued Wages and Benefits	0	30,908	39,470
Accrued Profit Share	0	58,586	82,863
Program Fees and Memberships	0	128,540	0
Other Accrued Expenses	0	0	6,434
Unearned Revenue	0	0	151,884
Accrued Interest Payable	25,786	0	0
Noncurrent liabilities:			
Due within one year	818,496	109,649	259,983
Due in more than one year	7,384,506	173,644	317,105
<b>Total Liabilities</b>	<b>8,228,788</b>	<b>507,896</b>	<b>1,079,076</b>
<b>Deferred Inflows of Resources:</b>			
Property Tax Levy for Next Fiscal Year	2,518,865	0	0
<b>Net Position:</b>			
Net Investment in Capital Assets	9,188,029	15,256	0
Restricted For:			
Debt Service	399,134	0	0
Unrestricted (Deficit)	424,752	(19,465)	52,260
<b>Total Net Position (Deficit)</b>	<b>\$ 10,011,915</b>	<b>\$ (4,209)</b>	<b>\$ 52,260</b>

See accompanying notes to the basic financial statements

**SYLVANIA AREA JOINT RECREATION DISTRICT**

**SYLVANIA, OHIO**

**Statement of Activities**  
**For the Year Ended December 31, 2016**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Current:				
Leisure Time Activities	\$ 1,981,845	\$ 35,000	\$ 0	\$ 43,453
Interest and Fiscal Charges	470,224	0	0	0
<b>Total Governmental Activities</b>	<b>\$ 2,452,069</b>	<b>\$ 35,000</b>	<b>\$ 0</b>	<b>\$ 43,453</b>
<b>Component Units:</b>				
Sylvania Recreation Corporation	\$ 3,360,265	\$ 2,130,132	\$ 1,307,000	\$ 0
Sylvania Tam-O-Shanter Sports Inc.	3,402,187	3,493,819	0	0
<b>Total Component Units</b>	<b>\$ 6,762,452</b>	<b>\$ 5,623,951</b>	<b>\$ 1,307,000</b>	<b>\$ 0</b>

**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 (Deficit) 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.
\$ (1,903,392)		
(470,224)		
<u>(2,373,616)</u>		
	\$ 76,867	\$ 0
	0	91,632
	<u>76,867</u>	<u>91,632</u>
2,395,023	0	0
323,823	0	0
2,774	1,033	0
0	3,157	0
<u>2,721,620</u>	<u>4,190</u>	<u>0</u>
348,004	81,057	91,632
9,663,911	(85,266)	(39,372)
<u>\$ 10,011,915</u>	<u>\$ (4,209)</u>	<u>\$ 52,260</u>

**SYLVANIA AREA JOINT RECREATION DISTRICT**

**SYLVANIA, OHIO**

**Balance Sheet**  
**Governmental Funds**  
**December 31, 2016**

	General	General Obligation Debt Service	Total Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 286,187	\$ 341,661	\$ 627,848
Receivables:			
Taxes	1,505,559	1,073,995	2,579,554
Intergovernmental	91,503	69,632	161,135
<b>Total Assets</b>	<b>\$ 1,883,249</b>	<b>\$ 1,485,288</b>	<b>\$ 3,368,537</b>
<b>Liabilities:</b>			
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	138,565	83,259	221,824
Property Tax for Next Fiscal Year	1,458,497	1,060,368	2,518,865
<b>Total Deferred Inflows of Resources</b>	<b>1,597,062</b>	<b>1,143,627</b>	<b>2,740,689</b>
<b>Fund Balances:</b>			
Restricted	0	341,661	341,661
Assigned	286,187	0	286,187
<b>Total Fund Balances</b>	<b>286,187</b>	<b>341,661</b>	<b>627,848</b>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,883,249</b>	<b>\$ 1,485,288</b>	<b>\$ 3,368,537</b>

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, 2016*

<b>Total Governmental Fund Balances</b>	\$ 627,848
<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.	17,391,031
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	221,824
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(8,228,788)</u>
<b><i>Net Position of Governmental Activities</i></b>	<b><u>\$ 10,011,915</u></b>

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, 2016

	General	General Obligation Debt Service	Total Governmental Funds
<b>Revenues:</b>			
Property Taxes	\$ 1,384,393	\$ 1,023,906	\$ 2,408,299
Intergovernmental Revenues	188,592	137,170	325,762
Investment Earnings	2,774	0	2,774
All Other Revenue	35,000	0	35,000
<b>Total Revenue</b>	<u>1,610,759</u>	<u>1,161,076</u>	<u>2,771,835</u>
<b>Expenditures:</b>			
Current:			
Leisure Time Activities	1,641,744	0	1,641,744
Debt Service:			
Principal Retirement	0	571,339	571,339
Interest & Fiscal Charges	0	539,349	539,349
<b>Total Expenditures</b>	<u>1,641,744</u>	<u>1,110,688</u>	<u>2,752,432</u>
Excess (Deficiency) of Revenues Over Expenditures	(30,985)	50,388	19,403
<b>Fund Balances at Beginning of Year</b>	<u>317,172</u>	<u>291,273</u>	<u>608,445</u>
<b>Fund Balances End of Year</b>	<u>\$ 286,187</u>	<u>\$ 341,661</u>	<u>\$ 627,848</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, 2016***

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 19,403
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
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.	(340,101)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	43,453
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(15,215)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	599,835
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	40,629
<b><i>Change in Net Position of Governmental Activities</i></b>	<u><u>\$ 348,004</u></u>

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, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 1,350,500	\$ 1,375,800	\$ 1,384,393	\$ 8,593
Intergovernmental Revenue	200,000	200,000	188,592	(11,408)
Investment Earnings	3,000	3,000	2,774	(226)
All Other Revenues	30,000	35,000	35,000	0
Total Revenues	<u>1,583,500</u>	<u>1,613,800</u>	<u>1,610,759</u>	<u>(3,041)</u>
<b>Expenditures:</b>				
Current:				
Leisure Time Activities	<u>1,900,672</u>	<u>1,930,972</u>	<u>1,641,744</u>	<u>289,228</u>
(Deficiency) of Revenues				
(Under) Expenditures	(317,172)	(317,172)	(30,985)	286,187
Fund Balance at Beginning of Year	<u>317,172</u>	<u>317,172</u>	<u>317,172</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 286,187</u>	<u>\$ 286,187</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, 2016***

### **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, 2016 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 13 and 14 to the basic financial statements.

# ***SYLVANIA AREA JOINT RECREATION DISTRICT***

***SYLVANIA, OHIO***

## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

### **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, 2016***

### **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, 2016***

### **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, 2016***

### **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, 2016, but which are not intended to finance 2016 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 6.

#### **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, 2016***

### **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 District's 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 2016.

#### **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, 2016***

**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:

Net Change In Fund Balance	
	General Fund
GAAP Basis (as reported)	(\$30,985)
Budget Basis	(\$30,985)

**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 5, "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, 2016**

**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 2016 amounted to \$2,774, which includes \$1,510 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 5, "Pooled Cash, Cash Equivalents and Investments."

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2016, 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:

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

**SYLVANIA AREA JOINT RECREATION DISTRICT**

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SYLVANIA, OHIO

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

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**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, 2016***

### **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, 2016**

**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 2016.

**P. Fair Value**

The City 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 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental funds as reported in the government-wide statement of net position. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Other long-term assets not available to pay for current-period expenditures:*

Shared Revenues	\$161,135
Delinquent Property Tax Revenue	60,689
	\$221,824

*Long-Term liabilities not reported in the funds:*

General Obligation Bonds Payable	(\$8,203,002)
Accrued Interest on Long-Term Debt	(25,786)
	(\$8,228,788)

**SYLVANIA AREA JOINT RECREATION DISTRICT**

*SYLVANIA, OHIO*

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Amount by which depreciation exceeded capital outlay in the current period:*

Capital Outlay	\$180,999
Depreciation Expense	(521,100)
	<u>(\$340,101)</u>

*Governmental revenues not reported in the funds:*

Decrease in Shared Revenue	(1,939)
Decrease in Delinquent Property Tax	(13,276)
	<u>(\$15,215)</u>

*Net amount of long-term debt issuance and bond and lease principal payments:*

G.O. Bond Principal Payment	\$571,339
Amortize Premium on G.O. Bonds Issued	28,496
	<u>\$599,835</u>

**NOTE 3 – 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	\$341,661	\$341,661
Assigned:			
Subsequent Year Appropriations	286,187	0	286,187
Total Fund Balances	<u>\$286,187</u>	<u>\$341,661</u>	<u>\$627,848</u>



# ***SYLVANIA AREA JOINT RECREATION DISTRICT***

***SYLVANIA, OHIO***

## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

### **NOTE 4 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2016, the District has implemented GASB Statement No. 72, “Fair Value Measurement and Application”, GASB Statement No. 73 “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”, GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, GASB Statement No. 77 “Tax Abatement Disclosures” and GASB Statement No. 79, “Certain External Investment Pools and Pool Participants”.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. These changes were incorporated in the District's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 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, 2016***

### **NOTE 5 - 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:

- x 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;
- x 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;
- x 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;
- x Interim deposits in eligible institutions applying for interim funds;
- x Bonds and other obligations of the State of Ohio;
- x 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
- x The State Treasury Asset Reserve of Ohio (STAR Ohio).

**SYLVANIA AREA JOINT RECREATION DISTRICT**

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*SYLVANIA, OHIO*

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016***

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**NOTE 5 - 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. All deposits, except for deposits held by fiscal and escrow agents or trustees, are collateralized with eligible securities. The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Collateral permitted by Chapter 135 of the ORC is limited to obligations of the United States and its agencies, bonds of any state, and bonds and other obligations of any country, municipal corporation or other legally constituted authority of the State of Ohio, or any instrumentality of such county, municipal corporation or other authority. Such collateral, as permitted by Chapter 135 of the ORC is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at a Federal Reserve Bank in the name of the District.

At year end the carrying amount of the District's deposits was \$627,848 and the bank balance was \$627,848. The Federal Deposit Insurance Corporation (FDIC) covered \$250,000 of the bank balance and \$377,848 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	\$377,848

# **SYLVANIA AREA JOINT RECREATION DISTRICT**

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**SYLVANIA, OHIO**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

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### **NOTE 6 – 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 2016 were levied after October 1, 2015 on assessed values as of January 1, 2015, 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, 2016 was \$2.10 per \$1,000 of assessed value. The assessed value upon which the 2016 receipts were based was \$1,368,777,780. This amount constitutes \$1,341,184,900 in real property assessed value, \$27,592,880 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 .210% (2.10 mills) of assessed value.

**SYLVANIA AREA JOINT RECREATION DISTRICT**

**SYLVANIA, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2016 consisted of taxes and intergovernmental receivables. All receivables are considered collectible in full.

**NOTE 8 – CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2016:

*Historical Cost:*

Class	December 31, 2015	Additions	Deletions	December 31, 2016
<i>Capital assets not being depreciated:</i>				
Land	\$3,365,352	\$0	\$0	\$3,365,352
Construction in Progress	0	0	0	0
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	17,656,312	107,291	0	17,763,603
Machinery and Equipment	724,015	117,161	0	841,176
Total Cost	<u>\$21,745,679</u>	<u>\$224,452</u>	<u>\$0</u>	<u>\$21,970,131</u>

*Accumulated Depreciation:*

Class	December 31, 2015	Additions	Deletions	December 31, 2016
Buildings and Improvements	(\$3,795,894)	(\$465,022)	\$0	(\$4,260,916)
Machinery and Equipment	(262,106)	(56,078)	0	(318,184)
Total Depreciation	<u>(\$4,058,000)</u>	<u>(\$521,100) *</u>	<u>\$0</u>	<u>(\$4,579,100)</u>

**Net Value:** \$17,687,679 \$17,391,031

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

Leisure Time Activities	<u>\$521,100</u>
Total Depreciation Expense	<u>\$521,100</u>

**SYLVANIA AREA JOINT RECREATION DISTRICT**

**SYLVANIA, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

**NOTE 9 - LONG-TERM DEBT**

Long-term debt of the District at December 31, 2016 is as follows:

	Issue Date	Balance		Retired	Balance		Amounts Due Within One Year
		December 31, 2015	Issued		December 31, 2015		
<b>Governmental Activities:</b>							
General Obligation Bonds:							
2.00% Recreation Facility	2004	\$36,339	\$0	(\$36,339)	\$0	\$0	
3.00% Recreation Facility	2008	6,994,993	0	(445,000)	6,549,993	450,000	
Premium G.O. Bonds	2008	193,414	0	(14,878)	178,536	14,878	
3.35% Recreation Facility	2012	455,000	0	(85,000)	370,000	85,000	
Premium G.O. Bonds	2012	34,168	0	(6,833)	27,335	6,833	
2.60% Recreation Facility	2013	1,055,000	0	(5,000)	1,050,000	255,000	
Premium G.O. Bonds	2013	33,923	0	(6,785)	27,138	6,785	
Total General Obligation Bonds		<u>8,802,837</u>	<u>0</u>	<u>(599,835)</u>	<u>8,203,002</u>	<u>818,496</u>	
Total Governmental Activities							
Long-Term Debt		<u>\$8,802,837</u>	<u>\$0</u>	<u>(\$599,835)</u>	<u>\$8,203,002</u>	<u>\$818,496</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, 2016, these long-term notes had a principal balance of \$93,867.

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, 2016, these long-term notes had a principal balance of \$215,179.

**A. Principal and Interest Requirements**

The District's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2016, is as follows:

Years	G.O. Bonds	
	Principal	Interest
2017	\$818,496	\$309,432
2018	843,496	300,252
2019	893,496	290,942
2020	938,496	260,063
2021	594,878	227,434
2022-2026	3,319,390	762,165
2027-2028	794,750	102,825
Totals	<u>\$8,203,002</u>	<u>\$2,253,113</u>

# **SYLVANIA AREA JOINT RECREATION DISTRICT**

**SYLVANIA, OHIO**

## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

### **NOTE 9 - 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***

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*SYLVANIA, OHIO*

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

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### **NOTE 10 - 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, 2016, 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, 2016 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, 2016

### NOTE 11 - 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 2016 the District contracted with several different insurance providers for various insurance coverages, as follows:

Type of Coverage	Coverage	Deductible
General Liability	\$7,000,000	\$0
Automobile (CSL)	\$7,000,000	\$250
Excess Liability	\$2,000,000	\$10,000
Real and Personal Property	\$21,228,198	\$1,000
Public Officials Liability	\$7,000,000	\$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	\$876,193	\$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 12 - 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 Tam O'Shanter 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, 2016

### NOTE 13 – 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 \$315,912 and the bank balance was \$314,970. The Federal Deposit Insurance Corporation (FDIC) covered \$250,000 of the bank balance. The remaining \$64,970 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, 2016:

##### *Historical Cost:*

<u>Class</u>	<u>December 31, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2016</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	\$22,622	\$0	\$0	\$22,622
Machinery and Equipment	1,022,880	37,052	(24,742)	1,035,190
Total Cost	<u>\$1,045,502</u>	<u>\$37,052</u>	<u>(\$24,742)</u>	<u>\$1,057,812</u>

##### *Accumulated Depreciation:*

<u>Class</u>	<u>December 31, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2016</u>
Buildings and Improvements	(\$22,622)	\$0	\$0	(\$22,622)
Machinery and Equipment	(907,336)	(43,473)	24,742	(926,067)
Total Depreciation	<u>(\$929,958)</u>	<u>(\$43,473)</u>	<u>\$24,742</u>	<u>(\$948,689)</u>
<i>Net Value:</i>	<u>\$115,544</u>			<u>\$109,123</u>

# **SYLVANIA AREA JOINT RECREATION DISTRICT**

**SYLVANIA, OHIO**

## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

### **NOTE 14 – 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, 2016.

#### **B. Deposits**

At year end the carrying amount of the Sylvania Tam-O-Shanter Sports, Inc.'s deposits was of \$66,243 and the bank balance was \$66,243. The Federal Deposit Insurance Corporation (FDIC) covered \$66,243 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.

***SYLVANIA AREA JOINT RECREATION DISTRICT***

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***SYLVANIA, OHIO***

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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, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 10, 2018. 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*.

### ***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 2017-001 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 10, 2018

**SYLVANIA AREA JOINT RECREATION DISTRICT  
LUCAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**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.

Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the District's activity. The District should have procedures in place to prevent or detect material misstatements for the accurate presentation of the District's financial statements.

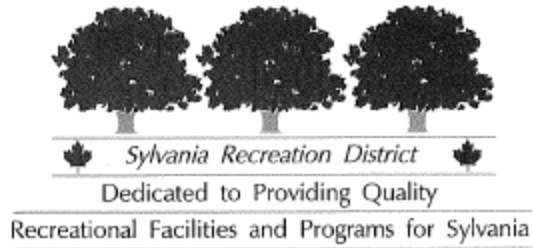
The following errors were identified in the District's financial statements and footnotes:

- An agreement to pay Sylvania Tam-O-Shanter Sports, Inc. \$50,000 annually over a ten year period was recorded in full as a payable and expense within the General Fund and Governmental Activities despite timing requirements not being met under GASB Cod. N50.118. The payable balance at year end was overstated by \$450,000 for 2016 and \$400,000 for 2017. Additionally, this adjustment resulted in a decrease in expenditures of \$450,000 in 2016 and an increase in expenditures of \$50,000 for 2017.
- For the year ended December 31, 2016, \$250,000 of noncurrent liabilities due within one year was improperly classified as due in more than one year for Governmental Activities in the Statement of Net Position and footnote disclosure.

These errors were due to inadequate policies and procedures in reviewing the financial statements and footnotes. The District's financial statements have been adjusted to correct these errors. The District should implement policies and procedures, including a final review of the financial statements and footnotes prepared to identify and correct errors and misclassifications, prior to filing the District's draft report in the HINKLE system.

**Officials' Response:**

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



**SYLVANIA AREA JOINT RECREATION DISTRICT  
LUCAS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2017 AND 2016**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2015-001	Material Weakness over Financial Reporting due to material reclassifications required under Governmental Accounting Standards Board No. 54.	Fully Corrected.	





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**SYLVANIA AREA JOINT RECREATION DISTRICT**

**LUCAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 2, 2018**