



**Auditor of State  
Betty Montgomery**



**SYLVANIA AREA JOINT RECREATION DISTRICT  
LUCAS COUNTY**

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**Auditor of State  
Betty Montgomery**

## **INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Sylvania Area Joint Recreation District (the District) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the District as of December 31, 2003 and 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 11, 2004

**SYLVANIA AREA JOINT RECREATION DISTRICT  
LUCAS COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Governmental Fund Type</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>			
General Property Tax - Real Estate	\$ 825,120	\$ 339,810	\$ 1,164,930
Tangible Personal Property Tax	61,160	24,872	86,032
Mobile Home Tax	461	190	651
Intergovernmental	110,602	45,549	156,151
Investment Income	2,316		2,316
Contracts - Services	207,400		207,400
Other Receipts	8,387	1,420	9,807
	<u>1,215,446</u>	<u>411,841</u>	<u>1,627,287</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Current:			
Supplies	16		16
Projects	40,407		40,407
Contracts - Services	718,600		718,600
Contracts - Programs	68,200		68,200
Leases	207,122		207,122
Insurance	5,168		5,168
Professional Services	29,785		29,785
Debt:			
Payment of Principal		58,516	58,516
Payment of Interest		361,289	361,289
Other	25,733	322	26,055
	<u>1,095,031</u>	<u>420,127</u>	<u>1,515,158</u>
Total Cash Disbursements			
Total Cash Receipts Over/ (Under) Cash Disbursements	120,415	(8,286)	112,129
Fund Cash Balances, January 1	<u>222,772</u>	<u>196,295</u>	<u>419,067</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 343,187</u></b>	<b><u>\$ 188,009</u></b>	<b><u>\$ 531,196</u></b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**SYLVANIA AREA JOINT RECREATION DISTRICT  
LUCAS COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Governmental Fund Type</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>			
General Property Tax - Real Estate	\$ 805,691	\$ 331,808	\$ 1,137,499
Tangible Personal Property Tax	67,617	27,847	95,464
Mobile Home Tax	289	119	408
Intergovernmental	108,033	44,492	152,525
Investment Income	5,567		5,567
Contracts - Services	265,775		265,775
Other Receipts	15,103	99	15,202
	<u>1,268,075</u>	<u>404,365</u>	<u>1,672,440</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Supplies	54		54
Projects	53,027		53,027
Contracts - Services	754,400		754,400
Contracts - Programs	177,100		177,100
Leases	278,821		278,821
Insurance	4,732		4,732
Professional Services	48,583		48,583
Debt:			
Payment of Principal		59,931	59,931
Payment of Interest		354,874	354,874
Other	24,692	359	25,051
	<u>1,341,409</u>	<u>415,164</u>	<u>1,756,573</u>
<b>Total Cash Disbursements</b>			
Total Cash Disbursements Over Cash Receipts	(73,334)	(10,799)	(84,133)
Fund Cash Balances, January 1	296,106	207,094	503,200
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 222,772</u></u>	<u><u>\$ 196,295</u></u>	<u><u>\$ 419,067</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT



**SYLVANIA AREA JOINT RECREATION DISTRICT  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Sylvania Area Joint Recreation District, Lucas County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a twelve-member Board of Trustees, four of whom are appointed by the legislative authorities of the City of Sylvania, Sylvania Township, and the Sylvania City School District. Contracted fiscal officer and the Sylvania Recreation Corporation are responsible for the fiscal control of the resources of the District which are maintained in the funds described below. Services provided by the District include equipping and operating recreation facilities and grounds within the City of Sylvania and Sylvania Township.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The investment in STAR Ohio is valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

**SYLVANIA AREA JOINT RECREATION DISTRICT  
LUCAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2003  
(Continued)

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of Recreation Facility Improvement bonds.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**SYLVANIA AREA JOINT RECREATION DISTRICT  
LUCAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2003  
(Continued)

**F. Property, Plant, and Equipment**

Acquisitions of property, plant, and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2003	2002
Demand deposits	\$ 343,862	\$ 233,793
STAR Ohio	187,334	185,274
Total deposits and investments	\$ 531,196	\$ 419,067

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** Investment in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,193,000	\$ 1,215,446	\$ 22,446
Debt Service	409,000	411,841	2,841
Total	\$ 1,602,000	\$ 1,627,287	\$ 25,287

**SYLVANIA AREA JOINT RECREATION DISTRICT  
LUCAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2003  
(Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,415,695	\$ 1,095,031	\$ 320,664
Debt Service	604,395	420,127	184,268
Total	<u>\$ 2,020,090</u>	<u>\$ 1,515,158</u>	<u>\$ 504,932</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,269,480	\$ 1,268,075	\$ (1,405)
Debt Service	399,200	404,365	5,165
Total	<u>\$ 1,668,680</u>	<u>\$ 1,672,440</u>	<u>\$ 3,760</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,565,585	\$ 1,341,409	\$ 224,176
Debt Service	606,293	415,164	191,129
Total	<u>\$ 2,171,878</u>	<u>\$ 1,756,573</u>	<u>\$ 415,305</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

**SYLVANIA AREA JOINT RECREATION DISTRICT  
LUCAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2003  
(Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

**5. DEBT**

Debt outstanding at December 31, 2003:

	Principal	Interest Rate
General Obligation Bonds	\$ 4,415,000	5-6%

The District issued a General Obligation Bond in 1995, in the amount of \$5,499,946 at 4.2-6.0 percent for a term of twenty-five years for the purpose of financing acquisition and improvements to Pacesetter Park and the retirement of the City of Sylvania's recreation debt. Interest and principal payments are due semi-annually to the Huntington Banks.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Bonds
2004	\$ 419,805
2005	416,555
2006	417,885
2007	418,345
2008	418,085
2009 - 2013	2,089,885
2014 - 2018	2,085,830
2019 - 2020	834,600
Total	\$ 7,100,990

**SYLVANIA AREA JOINT RECREATION DISTRICT  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2003  
(Continued)**

**6. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Errors and omissions.

**7. SUBSEQUENT EVENTS**

In June 2004, the District defeased the Recreation Facility Improvement Bonds, Series 1995 with \$3,364,996 in general obligation bonds.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL 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 the accompanying financial statements of Sylvania Area Joint Recreation District (the District) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 11, 2004. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audits, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not

Sylvania Area Joint Recreation District  
Lucas County  
Independent Accountants' Report on Compliance and on Internal  
Control Required by *Government Auditing Standards*  
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necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

August 11, 2004





**Auditor of State  
Betty Montgomery**

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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  
SEPTEMBER 7, 2004**