



**SYLVANIA AREA JOINT RECREATION DISTRICT
LUCAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021-2020

**SYLVANIA AREA JOINT RECREATION DISTRICT
LUCAS COUNTY
DECEMBER 31, 2021 AND 2020**

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**SYLVANIA AREA JOINT RECREATION DISTRICT
LUCAS COUNTY
DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate 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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund of the District, as of December 31, 2021 and 2020, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

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 aggregate discretely presented component units as of December 31, 2021 and 2020, and the respective changes in financial position, thereof for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for Sylvania Recreation Corporation and Sylvania Tam-O-Shanter Sports, Inc., are based solely on the report of other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Sylvania Recreation Corporation and Sylvania Tam-O-Shanter Sports, Inc. were not audited in accordance with Government Auditing Standards.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 29, 2022

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SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

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, 2021. 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 2021 are as follows:

- ❑ In total, net position increased \$766,082 from 2020.
- ❑ General revenues accounted for \$2.4 million in revenue or 78% of all revenues. Program specific revenues in the form of charges for services and capital contributions accounted for 22% of total revenues of \$3.1million.
- ❑ The District had \$2.4 million in expenses related to governmental activities; \$694,364 of these expenses were offset by program specific charges for services. General revenues (primarily taxes) had a balance of \$2.4 million.
- ❑ Among major funds, the general fund had \$1.7 million in revenues and \$1.8 million in expenditures. The general fund's fund balance decreased \$91,794 to \$413,885.

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, 2021***

Unaudited

Government-wide Statements

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

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

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

Fund Financial Statements

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

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Management's Discussion and Analysis
For the Year Ended December 31, 2021

Unaudited

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table provides a comparison of the District's net position between 2021 and 2020:

	Governmental Activities	
	2021	2020
Assets:		
Current and other assets	\$3,179,956	\$3,233,434
Capital assets, Net	16,803,584	16,644,811
Total assets	19,983,540	19,878,245
Liabilities:		
Long-term debt outstanding	4,892,500	5,510,000
Other liabilities	8,571	9,689
Total liabilities	4,901,071	5,519,689
Deferred Inflows of Resources:		
Property Tax Levy for Next Fiscal Year	2,292,503	2,334,672
Net position		
Net Investment in Capital Assets	11,923,084	11,359,586
Restricted	337,011	260,692
Unrestricted	529,871	403,606
Total net position	\$12,789,966	\$12,023,884

Changes in Net position – The following table shows the changes in net position for the fiscal year 2021 and 2020:

	Governmental Activities	
	2021	2020
Revenues		
Program revenues:		
Charges for Services and Sales	\$55,231	\$0
Capital Grants and Contributions	639,133	161,246
General revenues:		
Property Taxes	2,162,304	2,209,251
Shared Revenues	277,919	260,349
Investment Earnings	4,023	5,051
Total revenues	3,138,610	2,635,897
Program Expenses		
Leisure Time Activities	2,245,608	2,145,116
Interest and Fiscal Charges	126,920	113,174
Total expenses	2,372,528	2,258,290
Total Change in Net Position	766,082	377,607
Beginning Net Position	12,023,884	11,646,277
Ending Net Position	\$12,789,966	\$12,023,884

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2021*

Unaudited

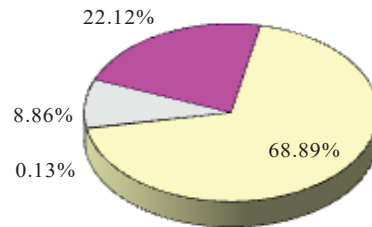
Governmental Activities

Net position of the District's governmental activities increased by \$766,082.

Capital Grants and Contributions increased by \$477,887, primarily due to the capital asset purchases by the Sylvania Tam-O-Shanter that were donated to the Sylvania Area Joint Recreation District.

The District's reliance upon tax revenues is demonstrated by the following graph indicating 68.89% of total revenues from property tax revenues:

Revenue Sources	2021	Percent of Total
General Shared Revenues	\$277,919	8.86%
Program Revenues	694,364	22.12%
Property Tax Revenues	2,162,304	68.89%
General Other	4,023	0.13%
Total Revenue	<u>\$3,138,610</u>	<u>100.00%</u>



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$697,931, which is a decrease from last year's balance of \$714,339. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2021 and 2020:

	Fund Balance December 31, 2021	Fund Balance December 31, 2020	Increase/ (Decrease)
General	\$413,885	\$505,679	(\$91,794)
General Obligation Debt Service	284,046	208,660	75,386
Total	<u>\$697,931</u>	<u>\$714,339</u>	<u>(\$16,408)</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2021*

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:

	2021 Revenues	2020 Revenues	Increase (Decrease)
Property Taxes	\$1,435,559	\$1,473,599	(\$38,040)
Intergovernmental Revenue	186,141	185,214	927
Investment Earnings	4,023	5,051	(1,028)
All Other Revenue	55,231	0	55,231
Total	<u>\$1,680,954</u>	<u>\$1,663,864</u>	<u>\$17,090</u>

General Fund revenues in 2021 increased slightly compared to revenues in fiscal year 2020. The most significant factor contributing to this increase was the increase in all other revenues.

	2021 Expenditures	2020 Expenditures	(Decrease)
Leisure Time Activities	\$1,765,248	\$1,824,513	(\$59,265)

General Fund expenditures decreased by \$59,265 or 3.2% from 2020 to 2021.

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 2021, the District amended its General Fund budget once prior to the close of the fiscal year.

For the General Fund, final budget basis revenue of \$1.7 million decreased \$23,000 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, 2021

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2021, the District had \$16,803,584 net of accumulated depreciation invested in land, improvements, buildings and machinery and equipment. The following table shows fiscal year 2021 and 2020 balances:

	Governmental Activities		Increase (Decrease)
	2021	2020	
Land	\$3,968,152	\$3,968,152	\$0
Construction in Progress	8,600	0	8,600
Buildings and Improvements	18,734,775	18,374,437	360,338
Machinery and Equipment	1,492,958	1,085,829	407,129
Less: Accumulated Depreciation	(7,400,901)	(6,783,607)	(617,294)
Totals	<u>\$16,803,584</u>	<u>\$16,644,811</u>	<u>\$158,773</u>

The primary increases occurred in machinery and equipment and improvements. The increase in machinery and equipment and improvements was related to the capital assets purchased by the Sylvania Tam-O-Shanter and donated to the Sylvania Area Joint Recreation District. Additional information on the District's capital assets can be found in Note 6.

Debt

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

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

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

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

At December 31, 2021, the District had \$4.7 million in bonds outstanding, \$615,000 due within one year. The following table summarizes the District's debt outstanding as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Governmental Activities:		
General Obligation Bonds	\$4,675,000	\$5,285,000
Capital Lease Payable	217,500	225,000
Total Governmental Activities	<u>\$4,892,500</u>	<u>\$5,510,000</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, 2021, 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 2021 utilized conservative revenue estimates with limited increases in base operating costs. Original General Fund revenues were projected to be more than 1% the actual receipts for 2021.

General Fund expenditures were originally budgeted at more than 2021 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.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

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

SYLVANIA, OHIO

Statement of Net Position December 31, 2021

	Primary Government	Component Units	
	Governmental Activities	Sylvania Recreation Corporation	Sylvania Tam- O-Shanter Sports Inc.
Assets:			
Cash and Cash Equivalents	\$ 697,931	\$ 1,150,936	\$ 501,331
Receivables:			
Taxes	2,344,528	0	0
Accounts	0	0	72,771
Intergovernmental	137,497	0	0
Inventory of Supplies at Cost	0	10,248	0
Inventory Held for Resale	0	0	209,354
Prepaid Items	0	57,826	32,988
Prepaid Rent to SAJRD	0	0	570,042
Deposits	0	0	3,000
Liquor License	0	18,500	0
Capital Assets:			
Capital Assets not Being Depreciated	3,976,752	0	0
Capital Assets Being Depreciated	12,826,832	190,554	0
Total Assets	19,983,540	1,428,064	1,389,486
Liabilities:			
Accounts Payable	0	65,278	219,796
Accrued Wages and Benefits	0	117,034	47,390
Accrued Profit Share	0	0	106,853
Program Fees and Memberships	0	248,927	0
Other Accrued Expenses	0	0	17,281
Unearned Revenue	0	0	483,483
Accrued Interest Payable	8,571	0	0
Refundable Advance - Paycheck Protection Program	0	0	241,205
Noncurrent liabilities:			
Due within one year	622,500	0	83,220
Due in more than one year	4,270,000	0	298,787
Total Liabilities	4,901,071	431,239	1,498,015
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	2,292,503	0	0
Net Position:			
Net Investment in Capital Assets	11,923,084	190,555	0
Restricted For:			
Debt Service	337,011	0	0
Unrestricted (Deficit)	529,871	806,270	(108,529)
Total Net Position	\$ 12,789,966	\$ 996,825	\$ (108,529)

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Statement of Activities
For the Year Ended December 31, 2021

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Leisure Time Activities	\$ 2,245,608	\$ 55,231	\$ 0	\$ 639,133
Interest and Fiscal Charges	126,920	0	0	0
Total Governmental Activities	<u>\$ 2,372,528</u>	<u>\$ 55,231</u>	<u>\$ 0</u>	<u>\$ 639,133</u>
Component Units:				
Sylvania Recreation Corporation	\$ 3,451,773	\$ 1,974,901	\$ 1,722,731	\$ 0
Sylvania Tam-O-Shanter Sports Inc.	3,920,442	3,828,435	0	0
Total Component Units	<u>\$ 7,372,215</u>	<u>\$ 5,803,336</u>	<u>\$ 1,722,731</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 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.
\$ (1,551,244)		
(126,920)		
<u>(1,678,164)</u>		
	\$ 245,859	\$ 0
	0	(92,007)
	<u>245,859</u>	<u>(92,007)</u>
2,162,304	0	0
277,919	0	0
4,023	1,975	0
0	277,842	0
<u>2,444,246</u>	<u>279,817</u>	<u>0</u>
766,082	525,676	(92,007)
12,023,884	471,149	(16,522)
<u>\$ 12,789,966</u>	<u>\$ 996,825</u>	<u>\$ (108,529)</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Balance Sheet
Governmental Funds
December 31, 2021

	General	General Obligation Debt Service	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 413,885	\$ 284,046	\$ 697,931
Receivables:			
Taxes	1,563,752	780,776	2,344,528
Intergovernmental	92,117	45,380	137,497
Total Assets	\$ 2,069,754	\$ 1,110,202	\$ 3,179,956
Liabilities:			
Deferred Inflows of Resources:			
Unavailable Amounts	127,986	61,536	189,522
Property Tax for Next Fiscal Year	1,527,883	764,620	2,292,503
Total Deferred Inflows of Resources	1,655,869	826,156	2,482,025
Fund Balances:			
Restricted	0	284,046	284,046
Assigned	413,885	0	413,885
Total Fund Balances	413,885	284,046	697,931
Total Deferred Inflows of Resources and Fund Balances	\$ 2,069,754	\$ 1,110,202	\$ 3,179,956

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, 2021***

Total Governmental Fund Balances	\$	697,931
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		16,803,584
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		
Property Taxes	52,025	
Intergovernmental	<u>137,497</u>	189,522
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.		(8,571)
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	(4,675,000)	
Capital Lease Payable	<u>(217,500)</u>	<u>(4,892,500)</u>
<i>Net Position of Governmental Activities</i>	\$	<u>12,789,966</u>

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2021

	General	General Obligation Debt Service	Total Governmental Funds
Revenues:			
Property Taxes	\$ 1,435,559	\$ 718,815	\$ 2,154,374
Intergovernmental Revenues	186,141	94,609	280,750
Investment Earnings	4,023	0	4,023
All Other Revenue	55,231	0	55,231
Total Revenue	<u>1,680,954</u>	<u>813,424</u>	<u>2,494,378</u>
Expenditures:			
Current:			
Leisure Time Activities	1,765,248	0	1,765,248
Debt Service:			
Principal Retirement	7,500	610,000	617,500
Interest & Fiscal Charges	0	128,038	128,038
Total Expenditures	<u>1,772,748</u>	<u>738,038</u>	<u>2,510,786</u>
Excess (Deficiency) of Revenues Over Expenditures	(91,794)	75,386	(16,408)
Fund Balances at Beginning of Year	<u>505,679</u>	<u>208,660</u>	<u>714,339</u>
Fund Balances End of Year	<u>\$ 413,885</u>	<u>\$ 284,046</u>	<u>\$ 697,931</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, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (16,408)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	136,934	
Depreciation	<u>(617,294)</u>	(480,360)

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. 639,133

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

Property Taxes	7,930	
Intergovernmental	<u>(2,831)</u>	5,099

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	610,000	
Capital Lease Principal	<u>7,500</u>	617,500

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>1,118</u>
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Change in Net Position of Governmental Activities \$ 766,082

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,465,300	\$ 1,436,300	\$ 1,435,559	\$ (741)
Intergovernmental Revenue	180,000	186,000	186,141	141
Investment Earnings	5,000	5,000	4,023	(977)
All Other Revenues	40,000	40,000	55,231	15,231
Total Revenues	<u>1,690,300</u>	<u>1,667,300</u>	<u>1,680,954</u>	<u>13,654</u>
Expenditures:				
Current:				
Leisure Time Activities	2,165,254	2,142,254	1,765,248	377,006
Debt Service:				
Principal Retirement	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>0</u>
Total Expenditures	<u>2,172,754</u>	<u>2,149,754</u>	<u>1,772,748</u>	<u>377,006</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(482,454)	(482,454)	(91,794)	390,660
Fund Balance at Beginning of Year	482,454	482,454	482,454	0
Prior Year Encumbrances	<u>23,225</u>	<u>23,225</u>	<u>23,225</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 23,225</u>	<u>\$ 23,225</u>	<u>\$ 413,885</u>	<u>\$ 390,660</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, 2021

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, 2021 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, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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

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

B. Basis of Presentation - Fund Accounting

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2021

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, 2021

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, 2021

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, 2021, but which are not intended to finance 2021 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, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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

1. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the District by September 1 of each year. As part of the certification process, the District receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2021.

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, 2021**

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>(\$91,794)</u>
Budget Basis	<u><u>(\$91,794)</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 3, "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, 2021**

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 2021 amounted to \$4,023, which includes \$1,637 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 3, "Pooled Cash, Cash Equivalents and Investments."

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets and Depreciation

1. Property, Plant and Equipment - Governmental Activities

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

2. Depreciation

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

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

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
Capital Lease	General 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, 2021

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, 2021**

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 2021.

P. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 2 – FUND BALANCE CLASSIFICATION

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>General Obligation Debt Service Fund</u>	<u>Total Governmental Funds</u>
Restricted:			
General Obligation Debt Service Payments	\$0	\$284,046	\$284,046
Assigned:			
Subsequent Year Appropriations	413,885	0	413,885
Total Fund Balances	<u>\$413,885</u>	<u>\$284,046</u>	<u>\$697,931</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2021

NOTE 3 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2021

NOTE 3 - 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 \$697,931 and the bank balance was \$697,931. Federal depository insurance covered \$250,000 of the bank balance and \$447,931 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the District's name and securities held in the Ohio Pooled Collateral System.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2021

NOTE 4 – 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 2021 were levied after October 1, 2020 on assessed values as of January 1, 2020, 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 2020. 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, 2021 was \$2.11 per \$1,000 of assessed value. The assessed value upon which the 2021 receipts were based was \$1,593,724,810. This amount constitutes \$1,549,435,150 in real property assessed value, and \$44,289,660 in public utility assessed value.

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 5 - RECEIVABLES

Receivables at December 31, 2021 consisted of taxes and intergovernmental receivables. All receivables are considered collectible in full.

NOTE 6 – CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2021:

Historical Cost:

Class	December 31, 2020	Additions	Deletions	December 31, 2021
Capital assets not being depreciated:				
Land	\$3,968,152	\$0	\$0	\$3,968,152
Construction in Progress	0	8,600	0	8,600
Capital assets being depreciated:				
Buildings and Improvements	18,374,437	360,338	0	18,734,775
Machinery and Equipment	1,085,829	407,129	0	1,492,958
Total Cost	<u>\$23,428,418</u>	<u>\$776,067</u>	<u>\$0</u>	<u>\$24,204,485</u>

Accumulated Depreciation:

Class	December 31, 2020	Additions	Deletions	December 31, 2021
Buildings and Improvements	(\$6,201,501)	(\$517,763)	\$0	(\$6,719,264)
Machinery and Equipment	(582,106)	(99,531)	0	(681,637)
Total Depreciation	<u>(\$6,783,607)</u>	<u>(\$617,294)*</u>	<u>\$0</u>	<u>(\$7,400,901)</u>
Net Value:	<u>\$16,644,811</u>			<u>\$16,803,584</u>

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

Leisure Time Activities	<u>\$617,294</u>
Total Depreciation Expense	<u>\$617,294</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 7 - CAPITAL LEASE

The District leases 7.7 acres of land from the City of Sylvania under a capital lease. The original cost of the land was \$225,000. The related liabilities are reported in the Government-Wide Statement of Net Position.

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2021:

<u>Year Ending December 31,</u>	Capital Lease
2022	\$7,500
2023	7,500
2024	7,500
2025	7,500
2026	7,500
2027-2031	37,500
2032-2036	37,500
2037-2041	37,500
2042-2046	37,500
2047-2050	<u>30,000</u>
Minimum Lease Payments	217,500
Less amount representing interest at the City's incremental borrowing rate of interest	<u>0</u>
Present value of minimum lease payments	<u><u>\$217,500</u></u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 8 - LONG-TERM DEBT

Long-term debt of the District at December 31, 2021 is as follows:

	Issue Date	Balance December 31, 2020	Issued	(Retired)	Balance December 31, 2021	Amounts Due Within One Year
Governmental Activities:						
General Obligation Bond:						
2.20% Recreation Facility	2019	\$5,285,000	\$0	(\$610,000)	\$4,675,000	\$615,000
Capital Lease		225,000	0	(7,500)	217,500	7,500
Total Governmental Activities		\$5,510,000	\$0	(\$617,500)	\$4,892,500	\$622,500
Long-Term Debt						

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, 2021, these long-term notes had a principal balance of \$49,133.

A. Principal and Interest Requirements

The District's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2021, is as follows:

Years	G.O. Bonds	
	Principal	Interest
2022	\$615,000	\$102,850
2023	640,000	89,320
2024	645,000	75,240
2025	665,000	61,050
2026	680,000	46,420
2027-2028	1,430,000	47,300
Totals	\$4,675,000	\$422,180

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2021

NOTE 9 - OPERATING LEASE COMMITMENTS

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, 2021 amounted to \$1,000.00 which is the aggregate base rent for the initial term.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2021

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 2021, the District contracted with several different insurance providers for various insurance coverages, as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
General Liability – Occurrence/Aggregate	\$7,000,000/\$9,000,000	\$0
Automobile (CSL) – Occurrence/Aggregate	\$7,000,000/9,000,000	\$0
Real and Personal Property	\$25,260,568	\$1,000
Public Officials Liability – Occurrence/Aggregate	\$7,000,000/\$9,000,000	\$2,500
Crime Coverage:		
Blanket Bond	\$100,000	\$0
Forgery Alterations	\$10,000	\$0
Theft, Disappearance and Destruction	\$40,000	\$0
Computer Fraud	\$5,000	\$100
Equipment-Inland Marine	\$963,532	\$1,000
Cyber Liability	\$250,000	\$25,000

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

NOTE 11 - CONTINGENCIES

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2021

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 \$1,150,936 and the bank balance was \$1,177,577. The Federal Deposit Insurance Corporation (FDIC) covered \$250,000 of the bank balance. The remaining \$927,577 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, 2021:

Historical Cost:

<u>Class</u>	<u>December 31, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2021</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	\$49,082	\$0	\$0	\$49,082
Machinery and Equipment	1,092,770	90,401	(22,121)	1,161,050
Total Cost	<u>\$1,141,852</u>	<u>\$90,401</u>	<u>(\$22,121)</u>	<u>\$1,210,132</u>

Accumulated Depreciation:

<u>Class</u>	<u>December 31, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2021</u>
Buildings and Improvements	(\$2,680)	(\$1,512)	\$0	(\$4,192)
Machinery and Equipment	(985,776)	(51,731)	22,121	(1,015,386)
Total Depreciation	<u>(\$988,456)</u>	<u>(\$53,243)</u>	<u>\$22,121</u>	<u>(\$1,019,578)</u>
<i>Net Value:</i>	<u>\$153,396</u>			<u>\$190,554</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2021

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, 2021.

B. Deposits

At year end, the carrying amount of the Sylvania Tam-O-Shanter Sports, Inc.'s deposits was \$501,331 and the bank balance was \$501,331. The Federal Deposit Insurance Corporation (FDIC) covered \$250,000 of the bank balance. \$251,331 was uninsured and collateralized with securities held by the pledging institution's trust department, not in the Sylvania Tam-O-Shanter Sports, Inc.'s name. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

NOTE 14 – CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the District's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. While management reasonably expects the COVID-19 outbreak to impact the District's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2020***

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, 2020. 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 2020 are as follows:

- ❑ In total, net position increased \$377,607 from 2019.
- ❑ General revenues accounted for \$2.5 million in revenue or 94% of all revenues. Program specific revenues in the form of charges for services and capital contributions accounted for 6% of total revenues of \$2.6 million.
- ❑ The District had \$2.3 million in expenses related to governmental activities; \$161,246 of these expenses were offset by program specific charges for services. General revenues (primarily taxes) had a balance of \$2.5 million.
- ❑ Among major funds, the general fund had \$1.7 million in revenues and \$1.8 million in expenditures. The general fund's fund balance increased \$64,351 to \$505,679.

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, 2020***

Unaudited

Government-wide Statements

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

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

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

Fund Financial Statements

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

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2020*

Unaudited

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table provides a comparison of the District's net position between 2020 and 2019:

	Governmental Activities	
	2020	2019
Assets:		
Current and other assets	\$3,233,434	\$3,308,541
Capital assets, Net	16,644,811	16,804,168
Total assets	19,878,245	20,112,709
Liabilities:		
Long-term debt outstanding	5,510,000	6,248,619
Other liabilities	9,689	32,414
Total liabilities	5,519,689	6,281,033
Deferred Inflows of Resources:		
Property Tax Levy for Next Fiscal Year	2,334,672	2,185,399
Net position		
Net Investment in Capital Assets	11,359,586	10,569,168
Restricted	260,692	525,299
Unrestricted	403,606	551,810
Total net position	\$12,023,884	\$11,646,277

Changes in Net position – The following table shows the changes in net position for the fiscal year 2020 and 2019:

	Governmental Activities	
	2020	2019
Revenues		
Program revenues:		
Charges for Services and Sales	\$0	\$142,198
Capital Grants and Contributions	161,246	132,075
General revenues:		
Property Taxes	2,209,251	2,473,256
Shared Revenues	260,349	318,481
Investment Earnings	5,051	5,470
Total revenues	2,635,897	3,071,480
Program Expenses		
Leisure Time Activities	2,145,116	2,158,374
Interest and Fiscal Charges	113,174	1,014,211
Total expenses	2,258,290	3,172,585
Total Change in Net Position	377,607	(101,105)
Beginning Net Position	11,646,277	11,747,382
Ending Net Position	\$12,023,884	\$11,646,277

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2020*

Unaudited

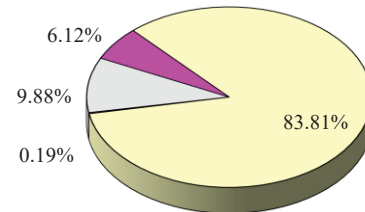
Governmental Activities

Net position of the District's governmental activities increased by \$377,607.

Capital Grants and Contributions increased by \$29,171, primarily due to the capital asset purchases by the Sylvania Tam-O-Shanter that were donated to the Sylvania Area Joint Recreation District.

The District's reliance upon tax revenues is demonstrated by the following graph indicating 83.81% of total revenues from property tax revenues:

Revenue Sources	2020	Percent of Total
General Shared Revenues	\$260,349	9.88%
Program Revenues	161,246	6.12%
Property Tax Revenues	2,209,251	83.81%
General Other	5,051	0.19%
Total Revenue	<u>\$2,635,897</u>	<u>100.00%</u>



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$714,339, which is a decrease from last year's balance of \$916,976. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2020 and 2019:

	Fund Balance December 31, 2020	Fund Balance December 31, 2019	Increase/ (Decrease)
General	\$505,679	\$441,328	\$64,351
General Obligation Debt Service	208,660	475,648	(266,988)
Total	<u>\$714,339</u>	<u>\$916,976</u>	<u>(\$202,637)</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2020***

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:

	2020	2019	Increase
	<u>Revenues</u>	<u>Revenues</u>	<u>(Decrease)</u>
Property Taxes	\$1,473,599	\$1,447,606	\$25,993
Intergovernmental Revenue	185,214	185,016	198
Investment Earnings	5,051	5,470	(419)
All Other Revenue	<u>0</u>	<u>40,195</u>	<u>(40,195)</u>
Total	<u>\$1,663,864</u>	<u>\$1,678,287</u>	<u>(\$14,423)</u>

General Fund revenues in 2020 decreased slightly compared to revenues in fiscal year 2019. The most significant factor contributing to this decrease was the decrease in all other revenues.

	2020	2019	(Decrease)
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Leisure Time Activities	\$1,824,513	\$1,601,564	\$222,949

General Fund expenditures increased by \$222,949 or 13.9% from 2019 to 2020.

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 2020, the District amended its General Fund budget once prior to the close of the fiscal year.

For the General Fund, final budget basis revenue of \$1.7 million decreased \$9,900 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, 2020

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2020, the District had \$16,644,811 net of accumulated depreciation invested in land, improvements, buildings and machinery and equipment. The following table shows fiscal year 2020 and 2019 balances:

	Governmental Activities		Increase (Decrease)
	2020	2019	
Land	\$3,968,152	\$3,743,152	\$225,000
Buildings and Improvements	18,374,437	18,215,747	158,690
Machinery and Equipment	1,085,829	1,060,465	25,364
Less: Accumulated Depreciation	(6,783,607)	(6,215,196)	(568,411)
Totals	\$16,644,811	\$16,804,168	(\$159,357)

The primary increases occurred in buildings and improvements. The increase in buildings and improvements was related to the capital assets purchased by the Sylvania Tam-O-Shanter and donated to the Sylvania Area Joint Recreation District. Additional information on the District's capital assets can be found in Note 6.

Debt

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

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

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2020***

Unaudited

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

At December 31, 2020, the District had \$5.3 million in bonds outstanding, \$610,000 due within one year. The following table summarizes the District's debt outstanding as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Governmental Activities:		
General Obligation Bonds	\$5,285,000	\$6,235,000
Premium on G.O. Bonds	0	13,619
Capital Lease Payable	<u>225,000</u>	<u>0</u>
Total Governmental Activities	<u><u>\$5,510,000</u></u>	<u><u>\$6,248,619</u></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, 2020, 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 2020 utilized conservative revenue estimates with limited increases in base operating costs. Original General Fund revenues were projected to be more than 1% the actual receipts for 2020.

General Fund expenditures were originally budgeted at more than 2020 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.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2020***

Unaudited

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

SYLVANIA, OHIO

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SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Statement of Net Position December 31, 2020

	Primary Government	Component Units	
	Governmental Activities	Sylvania Recreation Corporation	Sylvania Tam- O-Shanter Sports Inc.
Assets:			
Cash and Cash Equivalents	\$ 714,339	\$ 563,844	\$ 441,008
Receivables:			
Taxes	2,378,767	0	0
Accounts	0	3,110	83,480
Intergovernmental	140,328	0	0
Inventory of Supplies at Cost	0	14,624	0
Inventory Held for Resale	0	0	200,030
Prepaid Items	0	46,560	14,467
Prepaid Rent to SAJRD	0	0	661,243
Deposits	0	0	3,000
Liquor License	0	18,500	0
Capital Assets:			
Capital Assets not Being Depreciated	3,968,152	0	0
Capital Assets Being Depreciated	12,676,659	153,396	0
Total Assets	19,878,245	800,034	1,403,228
Liabilities:			
Accounts Payable	0	5,108	286,214
Accrued Wages and Benefits	0	114,696	32,413
Accrued Profit Share	0	0	88,566
Program Fees and Memberships	0	138,986	0
Other Accrued Expenses	0	0	15,823
Unearned Revenue	0	0	376,454
Accrued Interest Payable	9,689	0	0
Refundable Advance - Paycheck Protection Program	0	0	323,900
Noncurrent liabilities:			
Due within one year	617,500	30,786	64,480
Due in more than one year	4,892,500	39,309	231,900
Total Liabilities	5,519,689	328,885	1,419,750
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	2,334,672	0	0
Net Position:			
Net Investment in Capital Assets	11,359,586	83,301	0
Restricted For:			
Debt Service	260,692	0	0
Unrestricted (Deficit)	403,606	387,848	(16,522)
Total Net Position	\$ 12,023,884	\$ 471,149	\$ (16,522)

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Statement of Activities
For the Year Ended December 31, 2020

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Leisure Time Activities	\$ 2,145,116	\$ 0	\$ 0	\$ 161,246
Interest and Fiscal Charges	113,174	0	0	0
Total Governmental Activities	\$ 2,258,290	\$ 0	\$ 0	\$ 161,246
 Component Units:				
Sylvania Recreation Corporation	\$ 2,274,543	\$ 769,286	\$ 1,416,000	\$ 0
Sylvania Tam-O-Shanter Sports Inc.	3,292,134	3,233,352	0	0
Total Component Units	\$ 5,566,677	\$ 4,002,638	\$ 1,416,000	\$ 0

General Revenues

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

Total General Revenues

Change in Net Position

Net Position (Deficit) Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Net (Expense) Revenue and Changes in Net Position Primary Government	Component Units	
	Sylvania Recreation Corporation	Sylvania Tam- O-Shanter Sports Inc.
\$ (1,983,870)		
(113,174)		
<u>(2,097,044)</u>		
	\$ (89,257)	\$ 0
	0	(58,782)
	<u>(89,257)</u>	<u>(58,782)</u>
2,209,251	0	0
260,349	0	0
5,051	1,555	0
0	337,000	0
<u>2,474,651</u>	<u>338,555</u>	<u>0</u>
377,607	249,298	(58,782)
<u>11,646,277</u>	<u>221,851</u>	<u>42,260</u>
<u>\$ 12,023,884</u>	<u>\$ 471,149</u>	<u>\$ (16,522)</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Balance Sheet
Governmental Funds
December 31, 2020

	General	General Obligation Debt Service	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 505,679	\$ 208,660	\$ 714,339
Receivables:			
Taxes	1,581,624	797,143	2,378,767
Intergovernmental	93,039	47,289	140,328
Total Assets	\$ 2,180,342	\$ 1,053,092	\$ 3,233,434
Liabilities:			
Deferred Inflows of Resources:			
Unavailable Amounts	122,702	61,721	184,423
Property Tax for Next Fiscal Year	1,551,961	782,711	2,334,672
Total Deferred Inflows of Resources	1,674,663	844,432	2,519,095
Fund Balances:			
Restricted	0	208,660	208,660
Assigned	482,454	0	482,454
Unassigned	23,225	0	23,225
Total Fund Balances	505,679	208,660	714,339
Total Deferred Inflows of Resources and Fund Balances	\$ 2,180,342	\$ 1,053,092	\$ 3,233,434

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, 2020***

Total Governmental Fund Balances	\$	714,339
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		16,644,811
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	44,095	
Intergovernmental	<u>140,328</u>	184,423
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.		(9,689)
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	(5,285,000)	
Capital Lease Payable	<u>(225,000)</u>	<u>(5,510,000)</u>
<i>Net Position of Governmental Activities</i>	\$	<u>12,023,884</u>

See accompanying notes to the basic financial statements

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2020

	General	General Obligation Debt Service	Total Governmental Funds
Revenues:			
Property Taxes	\$ 1,473,599	\$ 738,434	\$ 2,212,033
Intergovernmental Revenues	185,214	94,096	279,310
Investment Earnings	5,051	0	5,051
Total Revenue	1,663,864	832,530	2,496,394
Expenditures:			
Current:			
Leisure Time Activities	1,824,513	0	1,824,513
Debt Service:			
Principal Retirement	0	950,000	950,000
Interest & Fiscal Charges	0	149,518	149,518
Total Expenditures	1,824,513	1,099,518	2,924,031
Excess (Deficiency) of Revenues Over Expenditures	(160,649)	(266,988)	(427,637)
Other Financing Sources (Uses):			
Inception of Capital Lease	225,000	0	225,000
Total Other Financing Sources (Uses)	225,000	0	225,000
Net Change in Fund Balances	64,351	(266,988)	(202,637)
Fund Balances at Beginning of Year	441,328	475,648	916,976
Fund Balances End of Year	\$ 505,679	\$ 208,660	\$ 714,339

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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (202,637)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	247,808	
Depreciation	<u>(568,411)</u>	(320,603)

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. 161,246

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

Property Taxes	(2,782)	
Intergovernmental	<u>(18,961)</u>	(21,743)

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	950,000	
Inception of Capital Lease	(225,000)	
Amortization of Premium on General Obligation Bonds	<u>13,619</u>	738,619

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>22,725</u>
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Change in Net Position of Governmental Activities \$ 377,607

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,440,300	\$ 1,470,300	\$ 1,473,599	\$ 3,299
Intergovernmental Revenue	185,000	185,100	185,214	114
Investment Earnings	5,000	5,000	5,051	51
All Other Revenues	40,000	0	0	0
Total Revenues	1,670,300	1,660,400	1,663,864	3,464
Expenditures:				
Current:				
Leisure Time Activities	2,332,833	2,322,933	1,847,738	475,195
Total Expenditures	2,332,833	2,322,933	1,847,738	475,195
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(662,533)	(662,533)	(183,874)	478,659
Other Financing Sources (Uses):				
Inception of Capital Lease	225,000	225,000	225,000	0
Total Other Financing Sources (Uses):	225,000	225,000	225,000	0
Net Change In Fund Balance	(437,533)	(437,533)	41,126	478,659
Fund Balance at Beginning of Year	437,533	437,533	437,533	0
Prior Year Encumbrances	3,795	3,795	3,795	0
Fund Balance at End of Year	\$ 3,795	\$ 3,795	\$ 482,454	\$ 478,659

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, 2020

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, 2020 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, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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

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

B. Basis of Presentation - Fund Accounting

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2020

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, 2020

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, 2020

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, 2020, but which are not intended to finance 2020 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, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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

1. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the District by September 1 of each year. As part of the certification process, the District receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2020.

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, 2020**

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)	\$64,351
Outstanding Encumbrances	<u>(23,225)</u>
Budget Basis	<u>\$41,126</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 3, "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, 2020**

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 2020 amounted to \$5,051, which includes \$1,475 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 3, "Pooled Cash, Cash Equivalents and Investments."

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets and Depreciation

1. Property, Plant and Equipment - Governmental Activities

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

2. Depreciation

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

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

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, 2020

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, 2020**

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 2020.

P. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 2 – FUND BALANCE CLASSIFICATION

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>General Obligation Debt Service Fund</u>	<u>Total Governmental Funds</u>
Restricted:			
General Obligation Debt Service Payments	\$0	\$208,660	\$208,660
Assigned:			
Subsequent Year Appropriations	482,454	0	482,454
Unassigned	23,225	0	23,225
Total Fund Balances	<u>\$505,679</u>	<u>\$208,660</u>	<u>\$714,339</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2020

NOTE 3 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2020

NOTE 3 - 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 \$714,339 and the bank balance was \$715,482. Federal depository insurance covered \$250,000 of the bank balance and \$465,482 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the District's name and securities held in the Ohio Pooled Collateral System.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2020

NOTE 4 – 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 2020 were levied after October 1, 2019 on assessed values as of January 1, 2019, 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 2019. 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, 2020 was \$2.11 per \$1,000 of assessed value. The assessed value upon which the 2020 receipts were based was \$1,575,961,250. This amount constitutes \$1,535,673,330 in real property assessed value, and \$40,287,920 in public utility assessed value.

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

NOTE 5 - RECEIVABLES

Receivables at December 31, 2020 consisted of taxes and intergovernmental receivables. All receivables are considered collectible in full.

NOTE 6 – CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2020:

Historical Cost:

Class	December 31, 2019	Additions	Deletions	December 31, 2020
<i>Capital assets not being depreciated:</i>				
Land	\$3,743,152	\$225,000	\$0	\$3,968,152
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	18,215,747	158,690	0	18,374,437
Machinery and Equipment	1,060,465	25,364	0	1,085,829
Total Cost	<u>\$23,019,364</u>	<u>\$409,054</u>	<u>\$0</u>	<u>\$23,428,418</u>

Accumulated Depreciation:

Class	December 31, 2019	Additions	Deletions	December 31, 2020
Buildings and Improvements	(\$5,705,479)	(\$496,022)	\$0	(\$6,201,501)
Machinery and Equipment	(509,717)	(72,389)	0	(582,106)
Total Depreciation	<u>(\$6,215,196)</u>	<u>(\$568,411) *</u>	<u>\$0</u>	<u>(\$6,783,607)</u>
<i>Net Value:</i>	<u>\$16,804,168</u>			<u>\$16,644,811</u>

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

Leisure Time Activities	<u>\$568,411</u>
Total Depreciation Expense	<u>\$568,411</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 7 - CAPITAL LEASE

The District leases 7.7 acres of land from the City of Sylvania under a capital lease. The original cost of the land was \$225,000. The related liabilities are reported in the Government-Wide Statement of Net Position.

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2020:

<u>Year Ending December 31,</u>	Capital Lease
2021	\$7,500
2022	7,500
2023	7,500
2024	7,500
2025	7,500
2026-2030	37,500
2031-2035	37,500
2036-2040	37,500
2041-2045	37,500
2046-2050	<u>37,500</u>
Minimum Lease Payments	225,000
Less amount representing interest at the City's incremental borrowing rate of interest	<u>0</u>
Present value of minimum lease payments	<u><u>\$225,000</u></u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

NOTE 8 - LONG-TERM DEBT

Long-term debt of the District at December 31, 2020 is as follows:

	Issue Date	Balance December 31, 2019	Issued	(Retired)	Balance December 31, 2020	Amounts Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
2.20% Recreation Facility	2019	\$5,860,000	\$0	(\$575,000)	\$5,285,000	\$610,000
3.35% Recreation Facility	2012	105,000	0	(105,000)	0	0
Premium G.O. Bonds	2012	6,836	0	(6,836)	0	0
2.60% Recreation Facility	2013	270,000	0	(270,000)	0	0
Premium G.O. Bonds	2013	6,783	0	(6,783)	0	0
Total General Obligation Bonds		<u>6,248,619</u>	<u>0</u>	<u>(963,619)</u>	<u>5,285,000</u>	<u>610,000</u>
Capital Lease		<u>0</u>	<u>225,000</u>	<u>0</u>	<u>225,000</u>	<u>7,500</u>
Total Governmental Activities						
Long-Term Debt		<u>\$6,248,619</u>	<u>\$225,000</u>	<u>(\$963,619)</u>	<u>\$5,510,000</u>	<u>\$617,500</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, 2020, these long-term notes had a principal balance of \$70,095.

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, 2020, these long-term notes had a principal balance of \$86,057.

A. Principal and Interest Requirements

The District's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2020, is as follows:

Years	G.O. Bonds	
	Principal	Interest
2021	\$610,000	\$116,270
2022	615,000	102,850
2023	640,000	89,320
2024	645,000	75,240
2025	665,000	61,050
2026-2028	<u>2,110,000</u>	<u>93,720</u>
Totals	<u>\$5,285,000</u>	<u>\$538,450</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2020

NOTE 8 - LONG-TERM DEBT (Continued)

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

B. Defeasance of General Obligation Debt

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

C. Refunded General Obligation Debt

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

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

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2020

NOTE 9 - OPERATING LEASE COMMITMENTS

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, 2020 amounted to \$1,000.00 which is the aggregate base rent for the initial term.

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2020

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 2020, the District contracted with several different insurance providers for various insurance coverages, as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
General Liability – Occurrence/Aggregate	\$7,000,000/\$9,000,000	\$0
Automobile (CSL) – Occurrence/Aggregate	\$7,000,000/9,000,000	\$250
Real and Personal Property	\$24,765,274	\$1,000
Public Officials Liability – Occurrence/Aggregate	\$7,000,000/\$9,000,000	\$2,500
Crime Coverage:		
Blanket Bond	\$100,000	\$0
Forgery Alterations	\$10,000	\$0
Theft, Disappearance and Destruction	\$15,000	\$0
Computer Fraud	\$5,000	\$100
Equipment-Inland Marine	\$963,544	\$1,000
Cyber Liability	\$250,000	\$25,000

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

NOTE 11 - CONTINGENCIES

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

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2020

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 \$563,844 and the bank balance was \$570,403. The Federal Deposit Insurance Corporation (FDIC) covered \$250,000 of the bank balance. The remaining \$320,403 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, 2020:

Historical Cost:

<u>Class</u>	<u>December 31, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2020</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	\$49,082	\$0	\$0	\$49,082
Machinery and Equipment	1,092,862	48,194	(48,286)	1,092,770
Total Cost	<u>\$1,141,944</u>	<u>\$48,194</u>	<u>(\$48,286)</u>	<u>\$1,141,852</u>

Accumulated Depreciation:

<u>Class</u>	<u>December 31, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2020</u>
Buildings and Improvements	(\$1,168)	(\$1,512)	\$0	(\$2,680)
Machinery and Equipment	(981,646)	(52,416)	48,286	(985,776)
Total Depreciation	<u>(\$982,814)</u>	<u>(\$53,928)</u>	<u>\$48,286</u>	<u>(\$988,456)</u>
<i>Net Value:</i>	<u>\$159,130</u>			<u>\$153,396</u>

SYLVANIA AREA JOINT RECREATION DISTRICT

SYLVANIA, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2020

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, 2020.

B. Deposits

At year end, the carrying amount of the Sylvania Tam-O-Shanter Sports, Inc.'s deposits was \$441,008 and the bank balance was \$441,008. The Federal Deposit Insurance Corporation (FDIC) covered \$250,000 of the bank balance. \$191,008 was uninsured and collateralized with securities held by the pledging institution's trust department, not in the Sylvania Tam-O-Shanter Sports, Inc.'s name. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

NOTE 14 – CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the District's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. While management reasonably expects the COVID-19 outbreak to impact the District's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate 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, 2021 and 2020, 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 29, 2022. Our report includes a reference to other auditors who audited the financial statements of Sylvania Recreation Corporation and Sylvania Tam-O-Shanter Sports, Inc. as described in our report on the District's financial statements. The financial statements of Sylvania Recreation Corporation and Sylvania Tam-O-Shanter Sports, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Sylvania Recreation Corporation and Sylvania Tam-O-Shanter Sports, Inc. or that are reported on separately by those auditors who audited the financial statements of Sylvania Recreation Corporation and Sylvania Tam-O-Shanter Sports, Inc. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 29, 2022

**SYLVANIA AREA JOINT RECREATION DISTRICT
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

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 a 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. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

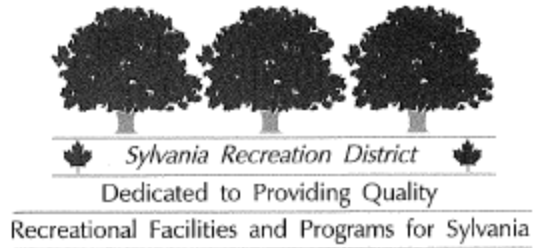
In 2021, General Fund subsequent year appropriations in excess of estimated receipts were incorrectly classified as unassigned instead of assigned fund balance in the amount of \$129,839.

This error was not identified and corrected prior to the District preparing its financial statements and notes to the financial statements due to deficiencies in the District's internal controls over financial statement monitoring. Failing to prepare accurate financial statements and notes to the financial statements could lead the Board of Trustees to make misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to reflect this change. In addition to the adjustments noted above, we also identified additional immaterial misstatements ranging from \$2,600 to \$225,000, which we have brought to the District's attention.

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

Officials' Response:

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



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Finding was first issued in the 2017-2016 audit. Material weakness due to errors in financial reporting and monitoring the financial statements resulting in audit adjustments.	Not corrected and repeated as Finding 2021-001 in this report.	Recurrence happened due to inadequate policies and procedures in reviewing the financial statements and accounting records throughout the audit period. The District is implementing procedures to correct these errors for the future.

OHIO AUDITOR OF STATE KEITH FABER



SYLVANIA AREA JOINT RECREATION DISTRICT

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/13/2022

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
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