

## FINANCIAL ANALYSIS

### SYLVANIA AREA JOINT RECREATION DISTRICT

The section of the report presents the financial assessment of Sylvania Area Joint Recreation District as a part of the Sylvania Recreation District Master Plan. As a key element of the Plan, available information was reviewed to assess the financial situation of SAJRD. The revenues, expenditures and capital funds were analyzed to identify trends and assess SAJRD's financial integrity. The cost recovery for facilities, programs, and services at major functional levels has been analyzed to assess the cost of service readiness.

### DATA REVIEWED

The PROS Team reviewed the detailed cost and activity information for fiscal years 2014 through 2017 prepared by SAJRD staff. The Sylvania Area Joint Recreation District financial reports for fiscal years 2014 through 2017 were analyzed to assess the financial situation of SAJRD.

### FINANCIAL STRENGTH

SAJRD's General Fund cash balances are shown in **Figure 1**. A strong cash balance provides flexibility with respect to managing programs, maintaining assets, and meeting the changing needs of the community. The cash balances increased between fiscal years 2014 and 2018. The fiscal year 2018 cash balance is 20% of annual expenditures. PROS recommends a range of cash and investments between 60 and 90 days to cover unexpected revenue drops and unusual or emergency expenditures. SAJRD sufficient cash for operation at 75 days.

Fiscal Year	2014	2015	2016	2017	2018
General Fund: Cash	316,626	317,172	286,187	394,945	364,605
General Fund: Expenditures	\$ 1,569,093	\$ 1,594,122	\$ 1,610,759	\$ 1,630,962	\$ 1,785,705
Cash to Expenditures	20%	20%	18%	24%	20%
Day of Cash	74	73	65	88	75

Figure 1 - Cash Balances

SAJRD has debt of \$7,384,506 at the end of 2017 with \$415,387 of cash in the Debt Service Fund.

## REVENUES

The General Fund revenues for fiscal years 2014 through 2018 are shown in **Figure 2**. Over the period, total revenues decreased by 12%. The District General Fund revenues provide support for the infrastructure projects and Sylvania Recreation Corporation operations. The Debt Service Fund revenues are shown in **Figure 3** and are used for the payment of long-term debt.

### GENERAL FUND REVENUES

Fiscal Year	2014	2015	2016	2017	2018
<b>REVENUES</b>					
Property Taxes	1,351,750	1,368,792	1,384,393	1,406,617	1,441,889
Rollback & Homestead	179,406	190,046	188,592	189,661	188,818
Investment Earnings	2,837	2,784	2,775	4,653	5,973
Miscellaneous	35,100	32,500	35,000	30,031	30,524
Intergovernmental Revenues	0	0	0	0	88,160
<b>Total Revenues</b>	<b>1,569,093</b>	<b>1,594,122</b>	<b>1,610,759</b>	<b>1,630,962</b>	<b>1,755,365</b>
Annual Change		2%	1%	1%	8%
Cummulative Change		2%	3%	4%	12%
Change in Property Taxes and Rollback & Homestead Revenues					
		2%	1%	1%	2%
Cummulative Change		2%	3%	4%	7%
Change in Investment Earnings					
		-2%	0%	68%	28%
Cummulative Change		-2%	-2%	64%	111%
Change in Misceellaneous					
		-7%	8%	-14%	2%
Cummulative Change		-7%	-7%	-7%	-7%
Change in Intergovernmental Revenues					
		N/A	N/A	N/A	N/A
Cummulative Change		N/A	N/A	N/A	N/A
Percent Property Taxes and Rollback & Homestead Revenues to Total Revenues					
	98%	98%	98%	98%	93%

Figure 2 - General Fund Revenues

DEBT SERVICE REVENUES

Fiscal Year	2014	2015	2016	2017	2018
<b>REVENUES</b>					
Property Taxes	978,985	993,564	1,023,906	1,053,410	1,079,363
Rollback & Homestead	142,706	133,438	137,170	138,393	139,143
Intergovernmental	0	0	0	0	7,223
<b>Total Revenues</b>	<b>1,121,690</b>	<b>1,127,002</b>	<b>1,161,076</b>	<b>1,191,803</b>	<b>1,225,728</b>
Annual Change		0%	3%	3%	3%
Cummulative Change		0%	4%	6%	9%
Change in Property Taxes and Rollback & Homestead Revenues					
		0%	3%	3%	2%
Cummulative Change		0%	4%	6%	9%
Change in Intergovernmental Revenues					
		N/A	N/A	N/A	N/A
Cummulative Change		N/A	N/A	N/A	N/A
Percent Property Taxes and Rollback & Homestead Revenues to Total Revenues					
	100%	100%	100%	100%	99%

Figure 3 – Debt Service Fund Revenues

## OPERATING EXPENDITURES

Figure 4 shows the historical General Fund expenses from fiscal ending 2014 through 2018.

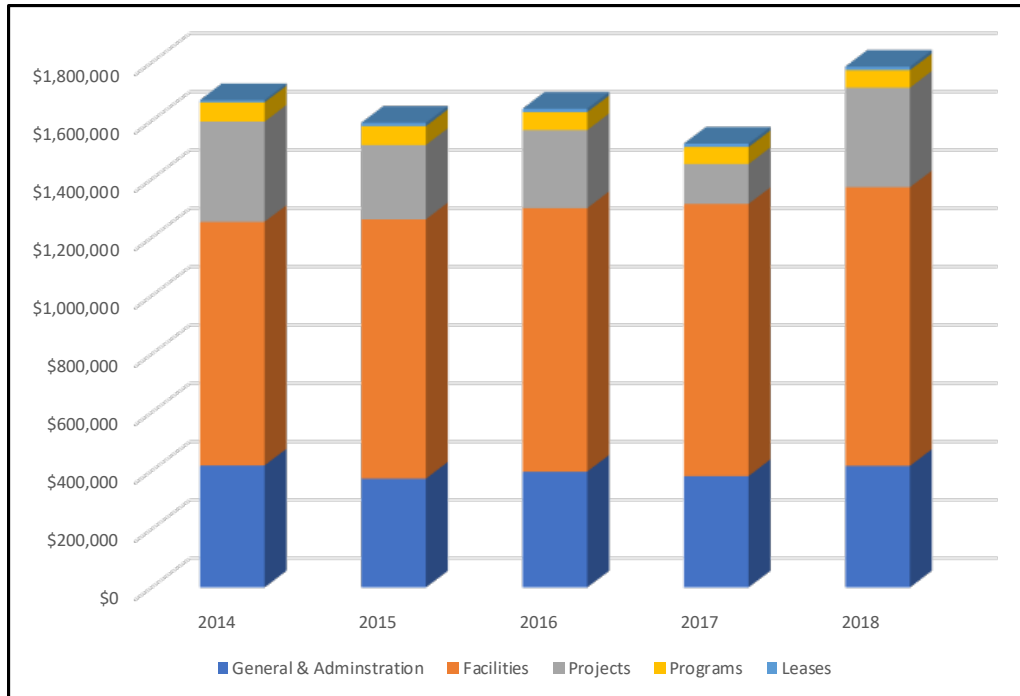


Figure 4 - Expenditures

The General Fund expenditures for fiscal years 2014 through 2018 have decreased by 6.9% as shown in Figure 5.

The percent of expenditures for Facilities increased by 14.3% while the General & Administration expenditures decreased by 9.2%. These changes are positive as more funding is provided for facilities.

Fiscal Year	2014	2015	2016	2017	2018
General & Administration	418,162.95	373,253.22	397,081.62	382,092.31	417,137.72
Facilities	835,630.00	889,217.00	903,765.00	933,000.00	955,158.00
Projects	343,514.23	254,670.73	267,397.37	137,110.35	341,410.11
Programs	65,548.00	64,585.12	61,500.00	58,000.00	60,000.00
Leases	8,000.00	11,850.00	12,000.00	12,000.00	12,000.00
<b>Total Expenses</b>	<b>1,670,855.18</b>	<b>1,593,576.07</b>	<b>1,641,743.99</b>	<b>1,522,202.66</b>	<b>1,785,705.83</b>
Annual Total Change		-4.6%	3.0%	-7.3%	17.3%
Cummulative Total Change		-4.6%	-1.7%	-8.9%	6.9%
Annual Facilities Change		6.4%	1.6%	3.2%	2.4%
Cummulative Facilities Change		6.4%	8.2%	11.7%	14.3%
Annual General & Administration Change		-10.7%	6.4%	-3.8%	9.2%
Cummulative General & Adminsitraion Change		-10.7%	-5.0%	-8.6%	-0.2%

Figure 5 – General Fund Expenditures

## CAPITAL ASSETS

Figure 6 shows the additions to Capital Assets from fiscal ending 2013 through 2017.

Fiscal Year	2013	2014	2015	2016	2017
Capital Assets	\$21,111,884	\$21,444,689	\$21,745,679	\$21,970,131	\$22,631,762
Accumulated Depreciation	(3,104,472)	(3,619,014)	(4,058,000)	(4,579,100)	(5,110,381)
Net Value	\$18,007,412	\$17,825,675	\$17,687,679	\$17,391,031	\$17,521,381
Percent Additions to Capital Assets		1.6%	1.4%	1.0%	3.0%
Cumulative Additions to Capital Assets		1.6%	3.0%	4.1%	7.2%

Figure 6 -Capital Assets

The Capital Assets have increased by approximately 7.2% over the four-year period. PROS anticipates that a system will add 4% to 6% to the Capital Assets annually to maintain the quality of the facilities and equipment. The PROS anticipated increase is 16% to 24% over the study period. The lack of capital investment may hinder SAJRD's ability to develop, maintain, and replace equipment and facilities.

## PROPERTY TAX REVENUES

Between fiscal years 2013 and 2018, the Taxable Property Values for the District increased by 8% as shown in Figure 7. The Sylvania Area Joint Recreation District Population increase by 1% between 2013 and 2018.

Sylvania Area Joint Recreation District		
Year	District Population*	Adjusted Net Assessed Value**
2013	48,195	\$ 1,312,166,830
2014	48,271	\$ 1,309,461,830
2015	48,242	\$ 1,323,931,900
2016	48,354	\$ 1,368,777,780
2017	48,504	\$ 1,395,533,960
2018	48,504	\$ 1,411,376,650
2013-2018		
Change	1%	8%
* Source: U.S. Census Bureau		
** Source: Annual Audit Reports		

Figure 7 - Property Tax Values

The increase in assessed values indicates a growing active community.

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### LONG-TERM DEBT

SAJRD had \$7,384,506 of Long-Term Debt funded by property taxes at the end of 2017. The debt is paid from property taxes through Debt Service Fund. The Fund had \$507,018 in Cash and Cash Equivalents at December 31, 2018.

Fiscal Year:	2014	2015	2016	2017	2018
Debt Service Fund Revenues	\$1,121,690	\$1,127,002	\$1,161,076	\$1,191,803	\$1,225,728
Debt Service Fund Expenditures	1,055,884	1,067,614	1,110,687	1,118,077	1,134,098
Revenues Over (Under) Expenditures	\$65,807	\$59,388	\$50,388	\$73,726	\$91,630
Debt Service Fund: Cash Balance	\$231,885	\$291,273	\$341,661	\$415,387	\$507,018

Figure 8 – Debt Service Fund Revenues, Expenditures and Cash Balances

The Debt Service Fund Revenues, Expenditures and Cash Balances are shown in **Figure 8** to demonstrate the revenue and cash sufficiency to support the existing long-term debt.

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### FINANCIAL ASSESSMENT SUMMARY

SAJRD is in a sound financial position with respect to operating revenues and expenditures and fund balances.

The total revenues are consistently more than the expenditures which indicate sound financial planning with respect to financial strength. The revenues and expenditures are sufficient to carry out the District's mission.

The District should consider increasing funds and expenditures for capital assets to continue to provide quality amenities and facilities.

Nationally, many park and recreation systems have been neglected in recent years due to the lack of economic resources. SAJRD has been fortunate to pass through the poor economic periods with a relatively strong position. Continued success for these operations will be dependent on being attuned to customer expectations, closely monitoring operating expenses, investing in necessary capital repairs and replacements, and making pricing adjustments as appropriate.