



MUNICIPAL BUILDING
655 Blacklick St.
Groveport, OH 43125
614.836.5301
www.groveport.org

To: Mayor, Members of Council and City Administrator

From: Jason Carr, CPA, Finance Director

Date: February 28, 2025

RE: Recreation & Aquatic Center Fund Financial Analysis

Ordinance No. 2025-002 provides for establishing membership fees for the Recreation Center thereby amending the existing fee schedule set forth in Ordinance No. 2019-018. Historically, both the Recreation Center and the Aquatic Center operate at a loss, whereas receipts from operations (i.e. memberships, daily pass sales, fitness classes, etc.) are not sufficient to cover operating expenses (i.e. salaries and benefits, materials and supplies, contractual services). The City has not performed a review of Recreation Center membership fees for over fifteen (15) years and based on annual inflation, operating losses have increased significantly since 2016.

The following tables provides a historical summary of operating losses for the period January 1, 2016 through December 31, 2024 for the Recreation and Aquatic Center Fund.

Operating Income (Loss) From Operations

Year Ended December 31,	2016	2017	2018	2019	2020	2021
Recreation Center	(\$290,484)	(\$598,716)	(\$781,966)	(\$905,266)	(\$1,277,914)	(\$1,103,478)
Aquatic Center	(23,881)	(143,089)	(76,122)	(3,174)	(76,781)	(124,268)
Total Rec. & Aquatic Center	(314,365)	(741,805)	(858,088)	(908,440)	(1,354,695)	(1,227,746)

Year Ended December 31,	2022	2023	2024	Total
Recreation Center	(\$1,023,260)	(\$976,111)	(\$1,337,213)	(\$8,294,411)
Aquatic Center	(125,660)	(407,978)	(480,163)	(1,461,112)
Total Rec. & Aquatic Center	(1,148,920)	(1,384,089)	(1,817,376)	(9,755,523)

See pages 4-6 to see supporting revenue and expenditure schedules supporting the reported operation loss from operations above.

Operating Subsidies from the General Fund

Due to the City's Recreation and Aquatic Center Fund annual receipts are not sufficient to cover operating expenses as noted on page 1, the General Fund must transfer money in order to balance the budget. The following table provides the amount of transfer from the General Fund along with comparisons to the City of Westerville and the City of Dublin. These cities report their recreational activities in a separate fund and require General Fund transfers to balance their budgets as well.

CITY OF GROVEPORT									
YTD December 31,	2019	2020	2021	2022	2023	2024			
Transfers Out	\$1,000,000	\$1,100,000	\$1,400,000	\$1,250,000	\$1,500,000	\$1,950,000			
General Fund Balance	3,766,104	3,986,961	5,947,898	9,904,333	14,632,136	20,161,595			
% of Transfer from General Fund Balance	26.55%	27.59%	23.54%	12.62%	10.25%	9.67%			

CITY OF WESTERVILLE									
YTD December 31,	2019	2020	2021	2022	2023				
Transfers Out	\$6,400,000	\$7,080,000	\$7,300,000	\$7,900,000	\$6,150,000				
General Fund Balance	43,311,549	46,729,435	53,251,976	54,429,935	55,223,527				
% of Transfer from General Fund Balance	14.78%	15.15%	13.71%	14.51%	11.13%				

CITY OF DUBLIN									
YTD December 31,	2019	2020	2021	2022	2023				
Transfers Out	\$4,170,000	\$5,375,000	\$3,413,640	\$3,400,000	\$4,500,000				
General Fund Balance	110,425,540	119,785,196	110,030,730	110,093,146	118,648,643				
% of Transfer from General Fund Balance	3.78%	4.40%	3.10%	3.08%	3.79%				

Based on the City of Groveport's conservative budgeting practices, the Administration has grown the General Fund balance since 2019 therefore reducing the financial impact by percentage.

The amount subsidized by the City of Groveport is comparable to the City of Westerville only as the General Fund balance of Groveport has increased. Compared to the City of Dublin, the impact on the Groveport General Fund is far greater and then the City of Dublin.

A material decrease in General Fund income taxes and the continued increase in transfers out to the Recreation and Aquatic Center Fund would significantly impact the General Fund's ability to subsidize other funds, such as the Golf Course Fund, Street Fund, Transportation Services Fund and Senior Center Fund.

Projected Increase in Operating Revenues

The proposed increase in membership rates will not be sufficient to eliminate past or future operating losses of the Recreation Center noting the proposed increase will only help reduce the General Fund transfer needed to balance the budget. Assuming the rate structure was in affect for calendar year 2023 and 2024, combined with the projected increase in 2025, the loss from operations would be as follows:

Description	YTD 12/31/2023	YTD 12/31/2024	Projected YTD 12/31/2025
Recreation & Aquatic Center Operating Loss	(\$1,384,089)	(\$1,817,376)	(\$1,448,340)
Increase in Membership Receipts New Fee Schedule	204,657	227,262	238,625
Revised Operating Loss	(\$1,179,432)	(\$1,590,114)	(\$1,209,715)

The Administration will not be able to establish rates at a level which will address the operating loss projected for future years. The overall operating loss has increased in past years based on increasing staffing levels at the Aquatic Center combined with significant increases in hourly rates to attract and retain lifeguards each year.

General commodity costs have significantly increased since 2020 (i.e. electricity, natural gas, chemicals) necessary for operations have also outpaced receipts and any membership gains from previous years.

RECREATION AND AQUATIC CENTER FUND REVENUES AND EXPENDITURES
JANUARY 1, 2016 - DECEMBER 31, 2024

ACCOUNT	DESCRIPTION	YEAR ENDED 2016	YEAR ENDED 2017	YEAR ENDED 2018	YEAR ENDED 2019	YEAR ENDED 2020	YEAR ENDED 2021	YEAR ENDED 2022	YEAR ENDED 2023	YEAR ENDED 2024	TOTALS
220.00.41511	AC INDOOR	\$ 93,373	\$ 65,017	\$ 49,898	\$ 55,433	\$ 26,864	\$ 36,213	\$ 50,324	\$ 67,009	\$ 62,068	\$ 506,199
220.00.41512	AC MEMBERSHIP FEES	430,702	364,945	407,795	442,353	(2,382)	236,935	275,657	294,155	314,742	2,764,902
220.00.41513	RC MEMBERSHIP FEE'S	845,421	755,595	765,868	833,722	365,695	414,783	507,860	519,089	564,284	5,572,319
220.00.41520	SENIOR CENTER DAY TRIP FEES	-	-	-	543	1,943	1,241	-	160	-	3,887
220.00.41530	RECREATION PROGRAM FEE	30,992	29,025	24,772	17,601	5,217	12,969	1,554	(449)	2,930	124,610
220.00.41531	RECREATION ATHLETICS	106,789	103,126	100,724	101,329	22,950	47,376	105,257	81,936	85,042	754,529
220.00.41532	RC SILVER SNEAKERS	115,863	124,548	95,430	29,142	73,274	71,311	70,560	77,744	86,904	744,776
220.00.41533	RC OPTUM FITNESS	-	-	2,377	4,850	7,329	10,952	13,996	16,694	22,104	78,302
220.00.41534	CBUS RADIO GROUP COUPONS	-	-	-	-	-	-	-	-	(4,426)	(4,426)
220.00.41536	FITNESS INSTRUCTORS	73,493	70,244	65,713	63,555	19,788	39,720	53,584	67,811	67,705	521,612
220.00.41537	RC CAPITAL-CONTRA REVENUE ACCOUNT	(34,472)	(30,907)	(30,177)	(32,149)	(84,359)	(114,640)	(117,871)	(132,417)	(158,906)	(735,898)
220.00.41840	MISCELLANEOUS	87	4,735	495	12,677	14,595	4,470	7,654	4,343	4,536	53,593
220.00.41852	BWC EMPLOYER PREMIUM REFUND	4,494	10,874	15,800	13,218	35,392	-	343	1,252	1,202	82,575
220.00.41860	HEALTH CARE CONTRIBUTION	16,897	19,723	18,990	15,445	16,514	16,796	20,636	18,598	20,821	164,420
	TOTAL OPERATING RECEIPTS	<u>1,683,640</u>	<u>1,516,925</u>	<u>1,517,685</u>	<u>1,557,718</u>	<u>502,819</u>	<u>778,127</u>	<u>989,554</u>	<u>1,015,926</u>	<u>1,069,006</u>	<u>10,631,400</u>
OPERATING EXPENDITURES:											
	Salaries and Benefits	1,241,215	1,290,527	1,287,671	1,244,305	1,129,126	1,256,526	1,267,452	1,441,599	1,774,413	11,932,834
	Operational Costs	756,790	968,204	1,088,102	1,221,853	728,388	749,347	871,022	958,416	1,111,969	8,454,089
TOTAL OPERATING EXPENDITURES		<u>1,998,005</u>	<u>2,258,731</u>	<u>2,375,773</u>	<u>2,466,158</u>	<u>1,857,514</u>	<u>2,005,873</u>	<u>2,138,474</u>	<u>2,400,015</u>	<u>2,886,382</u>	<u>20,386,923</u>
OPERATING INCOME (LOSS)		<u>(314,365)</u>	<u>(741,805)</u>	<u>(858,088)</u>	<u>(908,440)</u>	<u>(1,354,695)</u>	<u>(1,227,746)</u>	<u>(1,148,920)</u>	<u>(1,384,089)</u>	<u>(1,817,376)</u>	<u>(9,755,523)</u>
	Debt	18,238	6,480	7,876	9,178	8,343	8,342	8,343	2,085	-	68,885
	Capital Outlay	358,517	122,938	58,161	41,950	-	-	-	227,927	115,332	924,825
OPERATING INCOME (LOSS) AFTER DEBT SERVICE AND CAPITAL OUTLAY		<u>(691,120)</u>	<u>(871,223)</u>	<u>(924,125)</u>	<u>(959,568)</u>	<u>(1,363,038)</u>	<u>(1,236,088)</u>	<u>(1,157,263)</u>	<u>(1,614,101)</u>	<u>(1,932,708)</u>	<u>(10,749,233)</u>
GENERAL FUND TRANSFER (SUBSIDY) TO THE RECREATION & AQUATIC CENTER FUND		<u>\$ 700,000</u>	<u>\$ 1,155,000</u>	<u>\$ 1,140,723</u>	<u>\$ 1,000,000</u>	<u>\$ 1,100,000</u>	<u>\$ 1,400,000</u>	<u>\$ 1,250,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,950,000</u>	<u>\$ 11,195,723</u>
GENERAL FUND BALANCE		<u>\$ 1,730,182</u>	<u>\$ 2,896,141</u>	<u>\$ 2,831,174</u>	<u>\$ 3,766,104</u>	<u>\$ 3,986,961</u>	<u>\$ 5,947,898</u>	<u>\$ 9,904,333</u>	<u>\$ 14,632,136</u>	<u>\$ 20,161,595</u>	<u>\$ 65,856,524</u>
% OF TRANSFER COMPARED TO GENERAL FUND BALANCE		<u>40.46%</u>	<u>39.88%</u>	<u>40.29%</u>	<u>26.55%</u>	<u>27.59%</u>	<u>23.54%</u>	<u>12.62%</u>	<u>10.25%</u>	<u>9.67%</u>	<u>17.00%</u>

RECREATION CENTER REVENUES AND EXPENDITURES
JANUARY 1, 2016 - DECEMBER 31, 2024

ACCOUNT	DESCRIPTION	YEAR ENDED 2016	YEAR ENDED 2017	YEAR ENDED 2018	YEAR ENDED 2019	YEAR ENDED 2020	YEAR ENDED 2021	YEAR ENDED 2022	YEAR ENDED 2023	YEAR ENDED 2024	TOTALS
220.00.41511	AC INDOOR	\$ 93,373	\$ 65,017	\$ 49,898	\$ 55,433	\$ 26,864	\$ 36,213	\$ 50,324	\$ 67,009	\$ 62,068	\$ 506,199
220.00.41513	RC MEMBERSHIP FEE'S	845,421	755,595	765,868	833,722	365,695	414,783	507,860	519,089	564,284	5,572,319
220.00.41520	SENIOR CENTER DAY TRIP FEES	-	-	-	543	1,943	1,241	-	160	-	3,887
220.00.41530	RECREATION PROGRAM FEE	30,992	29,025	24,772	17,601	5,217	12,969	1,554	(449)	2,930	124,610
220.00.41531	RECREATION ATHLETICS	106,789	103,126	100,724	101,329	22,950	47,376	105,257	81,936	85,042	754,529
220.00.41532	RC SILVER SNEAKERS	115,863	124,548	95,430	29,142	73,274	71,311	70,560	77,744	86,904	744,776
220.00.41533	RC OPTUM FITNESS	-	-	2,377	4,850	7,329	10,952	13,996	16,694	22,104	78,302
220.00.41534	CBUS RADIO GROUP COUPONS	-	-	-	-	-	-	-	-	(4,426)	(4,426)
220.00.41536	FITNESS INSTRUCTORS	73,493	70,244	65,713	63,555	19,788	39,720	53,584	67,811	67,705	521,612
220.00.41537	RC CAPITAL-CONTRA REVENUE ACCOUNT	(34,472)	(30,907)	(30,177)	(32,149)	(84,359)	(114,640)	(117,871)	(132,417)	(158,906)	(735,898)
220.00.41840	MISCELLANEOUS	87	4,735	495	12,677	14,595	4,470	7,654	4,343	4,536	53,593
220.00.41852	BWC EMPLOYER PREMIUM REFUND	4,494	10,874	15,800	13,218	35,392	-	343	1,252	1,202	82,575
220.00.41860	HEALTH CARE CONTRIBUTION	16,897	19,723	18,990	15,445	16,514	16,796	20,636	18,598	20,821	164,420
	TOTAL OPERATING RECEIPTS	<u>1,252,937</u>	<u>1,151,980</u>	<u>1,109,890</u>	<u>1,115,365</u>	<u>505,202</u>	<u>541,192</u>	<u>713,897</u>	<u>721,771</u>	<u>754,264</u>	<u>7,866,498</u>
OPERATING EXPENDITURES:											
	Salaries and Benefits	1,002,128	1,047,638	1,061,019	1,073,865	1,121,014	1,038,641	1,028,807	960,127	1,148,569	9,481,806
	Operational Costs	<u>541,294</u>	<u>703,058</u>	<u>830,837</u>	<u>946,767</u>	<u>662,102</u>	<u>606,029</u>	<u>708,350</u>	<u>737,755</u>	<u>942,909</u>	<u>6,679,101</u>
TOTAL OPERATING EXPENDITURES		<u>1,543,422</u>	<u>1,750,696</u>	<u>1,891,856</u>	<u>2,020,632</u>	<u>1,783,116</u>	<u>1,644,670</u>	<u>1,737,157</u>	<u>1,697,882</u>	<u>2,091,478</u>	<u>16,160,907</u>
OPERATING INCOME (LOSS)		(290,484)	(598,716)	(781,966)	(905,266)	(1,277,914)	(1,103,478)	(1,023,260)	(976,111)	(1,337,213)	(8,294,410)
	Debt	18,238	6,480	7,876	9,178	8,343	8,342	8,343	2,085	-	68,885
	Capital Outlay	<u>358,517</u>	<u>122,938</u>	<u>58,161</u>	<u>41,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,927</u>	<u>115,332</u>	<u>924,825</u>
OPERATING INCOME (LOSS) AFTER DEBT SERVICE AND CAPITAL OUTLAY		<u>\$ (667,239)</u>	<u>\$ (728,134)</u>	<u>\$ (848,003)</u>	<u>\$ (956,394)</u>	<u>\$ (1,286,257)</u>	<u>\$ (1,111,820)</u>	<u>\$ (1,031,603)</u>	<u>\$ (1,206,123)</u>	<u>\$ (1,452,545)</u>	<u>\$ (9,288,120)</u>

AQUATIC CENTER REVENUES AND EXPENDITURES
JANUARY 1, 2016 - DECEMBER 31, 2024

DESCRIPTION	YEAR ENDED 2016	YEAR ENDED 2017	YEAR ENDED 2018	YEAR ENDED 2019	YEAR ENDED 2020	YEAR ENDED 2021	YEAR ENDED 2022	YEAR ENDED 2023	YEAR ENDED 2024	TOTALS
AC MEMBERSHIP FEES	\$ 430,702	\$ 364,945	\$ 407,795	\$ 442,353	\$ (2,382)	\$ 236,935	\$ 275,657	\$ 294,155	\$ 314,742	\$ 2,764,902
AQUATIC CENTER EXPENDITURES:										
Salaries and Benefits	239,087	242,889	226,652	170,440	8,112	217,885	238,645	481,472	625,844	2,451,028
Operational Costs	215,496	265,146	257,265	275,086	66,286	143,318	162,672	220,661	169,060	1,774,988
TOTAL EXPENDITURES	<u>454,583</u>	<u>508,035</u>	<u>483,918</u>	<u>445,526</u>	<u>74,398</u>	<u>361,203</u>	<u>401,317</u>	<u>702,133</u>	<u>794,904</u>	<u>4,226,016</u>
OPERATING INCOME (LOSS)	<u>\$ (23,881)</u>	<u>\$ (143,089)</u>	<u>\$ (76,122)</u>	<u>\$ (3,173)</u>	<u>\$ (76,781)</u>	<u>\$ (124,267)</u>	<u>\$ (125,660)</u>	<u>\$ (407,978)</u>	<u>\$ (480,162)</u>	<u>\$ (1,461,114)</u>