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***CLAYTON RECREATION, SPORTS  
AND WELLNESS COMMISSION, INC.***

*FINANCIAL STATEMENTS*

*SEPTEMBER 30, 2009*

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## Independent Auditors' Report

Board of Directors  
Clayton Recreation, Sports and Wellness Commission, Inc.  
St. Louis, Missouri

We have audited the accompanying balance sheet of Clayton Recreation, Sports and Wellness Commission, Inc. (the Commission) as of September 30, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of September 30, 2009 and 2008 and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*RubinBrown LLP*

February 9, 2010

# CLAYTON RECREATION, SPORTS AND WELLNESS COMMISSION, INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Clayton Recreation, Sports and Wellness Commission, Inc. (the Commission) offers readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal years ended September 30, 2009, 2008 and 2007.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's financial statements presented in this report consist of the Balance Sheet; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows. The Balance Sheet provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the Commission. The revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement reports the revenues and expenses during the time periods indicated, and can be used to determine whether the Commission has successfully recovered all of its costs through user fees and other charges. The primary purpose of the Statement of Cash Flows is to provide information about the Commission's cash receipts and cash payments. This statement reports cash receipts, cash payments, and net changes in cash resulting from activities related to operations, capital and related financing, non-capital financing, and investing.

The following is a summary of financial position for the fiscal years 2009, 2008 and 2007:

	<b>September 30,</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>ASSETS</b>			
Current assets	\$ 325,895	\$ 527,494	\$ 643,486
Capital assets	14,735,101	15,222,339	15,590,259
Total Assets	<b>15,060,996</b>	<b>15,749,833</b>	<b>16,233,745</b>
<b>LIABILITIES</b>			
Current liabilities	543,959	568,051	580,328
Noncurrent liabilities	614,014	682,490	737,691
Total Liabilities	<b>1,157,973</b>	<b>1,250,541</b>	<b>1,318,019</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	14,052,223	14,460,017	14,770,725
Unrestricted deficiency	(149,200)	39,275	145,001
Total Net Assets	<b>\$ 13,903,023</b>	<b>\$ 14,499,292</b>	<b>\$ 14,915,726</b>

# **CLAYTON, RECREATION, SPORTS AND WELLNESS COMMISSION, INC.**

## Management's Discussion And Analysis *(Continued)*

### **BALANCE SHEET**

#### **2009 And 2008**

The Commission's net assets at September 30, 2009 decreased \$596,269 to \$13,903,023 from the prior year. The change is primarily due to the provision for depreciation expense of \$647,642 and an operating loss before depreciation of \$180,144. These items were partially offset by contributions totaling \$250,000 from affiliated entities, the City of Clayton and the School District of Clayton.

#### **2008 And 2007**

The Commission's net assets at September 30, 2008 decreased \$416,434 to \$14,499,292 from the prior year. The change is primarily due to the provision for depreciation expense of \$626,202 and an operating loss before depreciation of \$80,519. These items were partially offset by capital contributions totaling \$307,927 from affiliated entities, the City of Clayton and the School District of Clayton.

	<b>September 30.</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
Operating revenues	<b>\$ 2,712,068</b>	<b>\$ 2,667,496</b>	<b>\$ 2,681,827</b>
Operating expenses	<b>3,539,854</b>	<b>3,374,217</b>	<b>3,670,446</b>
Operating loss	<b>(827,786)</b>	<b>(706,721)</b>	<b>(988,615)</b>
Nonoperating revenues, net	<b>231,517</b>	<b>290,287</b>	<b>202,954</b>
Change in net assets	<b>(596,269)</b>	<b>(416,434)</b>	<b>(785,665)</b>
Net assets, beginning of year	<b>14,499,292</b>	<b>14,915,726</b>	<b>15,701,391</b>
Net assets, end of year	<b>\$ 13,903,023</b>	<b>\$ 14,499,292</b>	<b>\$ 14,915,726</b>

### **STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

#### **2009 And 2008**

Operating revenues in fiscal year 2009 increased by \$44,572 to \$2,712,068 or 1.67% and expenses increased by \$165,637 to \$3,539,854 or 4.91% compared to the prior year ended September 30, 2008. Contributions from affiliates (City of Clayton and School District of Clayton) in fiscal year 2009 decreased to \$250,000 from \$307,927 in fiscal year 2008 and is included in nonoperating revenues.

#### **2008 And 2007**

Operating revenues in fiscal year 2008 decreased by \$14,331 to \$2,667,496 or 0.53% and expenses decreased by \$296,229 to \$3,374,217 or 8.1% compared to the prior year ended September 30, 2007. Contributions from affiliates (City of Clayton and School District of Clayton) in fiscal year 2008 increased to \$307,927 from \$200,000 in fiscal year 2007 and is included in nonoperating revenues.

## **CLAYTON, RECREATION, SPORTS AND WELLNESS COMMISSION, INC.**

### Management's Discussion And Analysis *(Continued)*

#### **STATEMENT OF CASH FLOWS**

The Commission's rate structure is designed to collect sufficient revenues to cover operating expenses. The net cash used in operating activities was used primarily for normal operating items.

#### **CAPITAL ASSETS**

The Commission's investment in capital assets includes building, improvements, furniture, and fitness equipment. Capital assets in fiscal year 2009 increased by \$97,901 to \$20,028,295 and accumulated depreciation increased by \$585,139 to \$5,293,194. Capital assets in fiscal year 2008 increased by \$229,317 to \$19,930,394 and accumulated depreciation increased by \$597,237 to \$4,708,055.

The following is a comparative summary of capital assets.

	September 30,		
	2009	2008	2007
Building and improvements	\$ 18,700,360	\$ 18,674,638	\$ 18,445,453
Furniture and equipment	1,327,935	1,255,756	1,245,624
<b>Total Capital Assets</b>	<b>20,028,295</b>	19,930,394	19,701,077
Less: Accumulated depreciation	5,293,194	4,708,055	4,110,818
<b>Net Capital Assets</b>	<b>\$ 14,735,101</b>	\$ 15,222,339	\$ 15,590,259

Additional information on capital assets may be found in Note 3 of the Notes To Financial Statements.

#### **LONG-TERM LIABILITIES**

The Commission's long-term liabilities of \$682,878 at September 30, 2009 decreased by \$79,444 from 2008. This decrease was due to scheduled principal payments on the note payable and the capital leases.

The Commission's long-term liabilities of \$762,322 at September 30, 2008 decreased by \$57,212 from 2007. This decrease was principally due to scheduled principal payments on the note payable and the capital leases, offset slightly by the addition of one new capital lease.

# **CLAYTON, RECREATION, SPORTS AND WELLNESS COMMISSION, INC.**

## Management's Discussion And Analysis *(Continued)*

The following is a summary of long-term liabilities:

	September 30,		
	2009	2008	2007
Note payable	\$ 665,157	\$ 718,526	\$ 769,585
Capital leases payable	17,721	43,796	49,949
	<b>682,878</b>	762,322	819,534
Compensated absences	14,215	13,362	18,695
	<b>\$ 697,093</b>	\$ 775,684	\$ 838,229

Additional information on the Commission's long-term liabilities can be found in Note 4 of the Notes To Financial Statements.

### **OVERALL ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

The Commission's overall net assets including depreciation expense declined \$596,269 in fiscal year 2009, \$416,434 in fiscal year 2008 and \$785,665 in 2007. The Commission's net assets, excluding depreciation expense, increased \$51,373 in fiscal year 2009, increased \$209,768 in fiscal year 2008, and decreased \$182,922 in fiscal year 2007.

### **OVERALL OUTLOOK FOR NEXT YEAR**

At this time, the most significant factor likely to impact the 2010 fiscal year continues to be the overall economic downturn of the country. The revenue stream for annual passes continues to be an important avenue of access for many people in the community. However, the Commission's income reflects little to no overall growth in annual passes for FY 2010 because of the economy. Increased activities in fitness and aquatics programs are expected to boost revenue in the program area. While a relatively conservative budget was approved for FY 2010, the Commission is optimistic that it will maintain the current high quality of service to its patrons.

### **SUMMARY**

This report is intended to provide our customers and other interested parties with a general overview of the financial position of the Commission and to indicate accountability for the revenues received. Questions about this report or requests for additional information should be directed to the City of Clayton Parks and Recreation Director, Patty DeForrest, at 314-290-8464 or Finance Director, Donald Yucuis at 314-290-8445.

**CLAYTON RECREATION, SPORTS AND  
WELLNESS COMMISSION, INC.**

**BALANCE SHEET**

Assets

	September 30,	
	2009	2008
<b>Current Assets</b>		
Cash	\$ 225,916	\$ 37,688
Investments	—	435,000
Accounts receivable	20,033	624
Interest receivable	—	2,382
Due from Clayton School District	46,996	18,850
Prepaid expenses	32,950	32,950
<b>Total Current Assets</b>	<b>325,895</b>	<b>527,494</b>
<b>Capital Assets</b>		
Building and improvements	18,700,360	18,674,638
Furniture and equipment	1,327,935	1,255,756
	<b>20,028,295</b>	<b>19,930,394</b>
Less: Accumulated depreciation	5,293,194	4,708,055
<b>Total Capital Assets</b>	<b>14,735,101</b>	<b>15,222,339</b>
	<b>\$ 15,060,996</b>	<b>\$ 15,749,833</b>

Liabilities And Net Assets

<b>Current Liabilities</b>		
Accounts payable	\$ 50,077	\$ 58,740
Accrued salaries and payroll taxes	69,633	63,371
Accrued compensated absences	14,215	13,362
Accrued interest payable	2,480	2,679
Deferred revenue - memberships	338,390	349,467
Deposits	300	600
Current portion of long-term note payable	55,479	53,056
Current portion of capital lease obligation	13,385	26,776
<b>Total Current Liabilities</b>	<b>543,959</b>	<b>568,051</b>
<b>Noncurrent Liabilities</b>		
Note payable, less current portion	609,678	665,470
Capital lease obligation, less current portion	4,336	17,020
<b>Total Noncurrent Liabilities</b>	<b>614,014</b>	<b>682,490</b>
<b>Total Liabilities</b>	<b>1,157,973</b>	<b>1,250,541</b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	14,052,223	14,460,017
Unrestricted	(149,200)	39,275
<b>Total Net Assets</b>	<b>13,903,023</b>	<b>14,499,292</b>
	<b>\$ 15,060,996</b>	<b>\$ 15,749,833</b>

**CLAYTON RECREATION, SPORTS AND  
WELLNESS COMMISSION, INC.**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	For The Years Ended September 30,	
	2009	2008
<b>Operating Revenues</b>		
Admissions	\$ 1,756,787	\$ 1,708,562
Programs	765,518	752,788
Rentals	107,418	115,319
Child care	13,157	13,015
Miscellaneous	69,188	77,812
<b>Total Operating Revenues</b>	<b>2,712,068</b>	<b>2,667,496</b>
<b>Operating Expenses</b>		
Building operations	962,898	875,281
Administration	982,051	939,438
Aquatics	388,826	384,613
Fitness	430,755	411,584
Sports	91,072	100,246
Summer quest	30,083	27,815
General recreation	6,527	9,038
Depreciation	647,642	626,202
<b>Total Operating Expenses</b>	<b>3,539,854</b>	<b>3,374,217</b>
<b>Operating Loss</b>	<b>(827,786)</b>	<b>(706,721)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Contributions from affiliates	250,000	307,927
Investment income	12,409	15,572
Interest expense	(30,892)	(33,212)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>231,517</b>	<b>290,287</b>
<b>Change In Net Assets</b>	<b>(596,269)</b>	<b>(416,434)</b>
<b>Net Assets - Beginning Of Year</b>	<b>14,499,292</b>	<b>14,915,726</b>
<b>Net Assets - End Of Year</b>	<b>\$ 13,903,023</b>	<b>\$ 14,499,292</b>

# CLAYTON RECREATION, SPORTS AND WELLNESS COMMISSION, INC.

## STATEMENT OF CASH FLOWS

	For The Years Ended September 30,	
	2009	2008
<b>Cash Flows From Operating Activities</b>		
Cash received from operations	\$ 2,681,282	\$ 2,726,904
Cash paid for operations	(2,893,760)	(2,795,115)
<b>Net Cash Used In Operating Activities</b>	<b>(212,478)</b>	<b>(68,211)</b>
<b>Cash Flows From Noncapital Financing Activities</b>		
Advances to affiliate	(28,146)	(6,971)
Contributions from affiliates	250,000	307,927
<b>Net Cash Flows Provided By Noncapital Financing Activities</b>	<b>221,854</b>	<b>300,956</b>
<b>Cash Flows From Capital And Related Financing Activities</b>		
Purchase of furniture and equipment	(161,605)	(228,289)
Proceeds from sale of furniture and equipment	1,201	—
Principal payments on note payable	(53,369)	(51,059)
Interest paid on debt	(31,091)	(33,403)
Principal payments on capital lease obligation	(26,075)	(36,146)
<b>Net Cash Used In Capital And Related Financing Activities</b>	<b>(270,939)</b>	<b>(348,897)</b>
<b>Cash Flows From Investing Activities</b>		
Investment income	14,791	13,190
(Purchases) sales of investments	435,000	(435,000)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>449,791</b>	<b>(421,810)</b>
<b>Net Increase (Decrease) In Cash</b>	<b>188,228</b>	<b>(537,962)</b>
<b>Cash - Beginning Of Year</b>	<b>37,688</b>	<b>575,650</b>
<b>Cash - End Of Year</b>	<b>\$ 225,916</b>	<b>\$ 37,688</b>
<b>Reconciliation Of Operating Loss To Net Cash Used In Operating Activities</b>		
Operating loss	\$ (827,786)	\$ (706,721)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	647,642	626,202
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(19,409)	22,320
Decrease in prepaid insurance	—	63
Decrease in accounts payable	(8,663)	(50,978)
Increase in accrued salaries, payroll taxes and compensated absences	7,115	3,815
Increase (decrease) in deferred revenue - memberships	(11,077)	37,188
Decrease in deposits	(300)	(100)
<b>Net Cash Used In Operating Activities</b>	<b>\$ (212,478)</b>	<b>\$ (68,211)</b>
<b>Noncash Capital And Related Financing Activity</b>		
Purchase of capital assets through lease financing	\$ —	\$ 29,993

# CLAYTON RECREATION, SPORTS AND WELLNESS COMMISSION, INC.

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## NOTES TO FINANCIAL STATEMENTS September 30, 2009 And 2008

### 1. **Summary Of Significant Accounting Policies**

Clayton Recreation, Sports and Wellness Commission, Inc. (the Commission), a nonprofit organization, was legally incorporated in 1997 (with activity commencing on July 1, 1998) with the purpose of providing educational, recreation, athletic and wellness programs, community-based activities and related activities, and to own and operate a new athletic/recreation facility and renovated community center for the benefit of the City of Clayton, Missouri (the City) and the School District of Clayton, St. Louis, Missouri (the School District).

The financial statements of the Commission have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to local governments based upon its relationship with the City and the School District. The more significant accounting policies of the Commission are described below:

#### **Reporting Entity - Related Party**

The Commission defines its reporting entity for financial reporting purposes to include all component units for which the Commission is financially accountable. The Commission is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or because the potential component unit will provide a financial benefit or impose a financial burden on the Commission. The Commission does not have any component units, nor are they considered a component unit of another government entity.

#### **Basis Of Accounting And Measurement Focus**

All activities of the Commission are accounted for within a single proprietary (enterprise) fund. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (including depreciation) of providing services to the public on a continuing basis be financed or recovered primarily through user charges.

## **CLAYTON, RECREATION, SPORTS AND WELLNESS COMMISSION, INC.**

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### Notes To Financial Statements *(Continued)*

The Commission's financial statements are presented on the accrual basis of accounting, where revenues are recognized as earned and expenses are recognized when the related liability is incurred. The accounting and financial reporting treatment applied to the Commission is determined by its measurement focus. The transactions of the Commission are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet.

Revenues and expenses are categorized as either operating or nonoperating. Operating revenues and expenses include charges that are assessed to the beneficiaries of the service and the cost of providing the service. Nonoperating and other activities primarily include investment income, interest expense and contributions from affiliates.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, and then unrestricted resources as they are needed.

The Commission has elected to apply only applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations, unless those pronouncements conflict or contradict GASB pronouncements.

#### **Accounts Receivable**

In the opinion of management, all receivables are collectible in full; therefore, no allowance for doubtful accounts is provided.

#### **Capital Assets**

The Commission defines capital assets as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated property and equipment are recorded at estimated fair market value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is not capitalized.

# **CLAYTON, RECREATION, SPORTS AND WELLNESS COMMISSION, INC.**

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## Notes To Financial Statements *(Continued)*

Depreciation is being computed on the straight-line method, using asset lives as follows:

<u>Assets</u>	<u>Years</u>
Building and improvements	40 years
Furniture and equipment	5 - 10 years

### **Compensated Absences**

The Commission allows all full-time employees to accumulate unused sick leave up to a maximum of 130 days. Earned vacation time is required to be used within one year of accrual. Upon termination, accumulated vacation will be paid to the employee. Sick leave is not paid upon termination, but will be paid only upon illness while in the employment of the Commission.

### **Income Taxes**

The Commission is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

### **Use Of Estimates**

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

## **2. Deposits And Investments**

The Commission follows the City's investment policy, since the Commission's funds are pooled with the City's funds. The Commission has pooled cash deposits with the City at September 30, 2009 and 2008 of \$224,816 and \$36,588, respectively. The Commission held petty cash of \$1,100 in 2009 and 2008. The Commission also had certificates of deposit with the City at September 30, 2008 of \$435,000. The City and the Commission take a conservative, "prudent person" approach to their investment purchases and management. The focus of this policy is to invest public funds in safe and secure investments with sufficient liquidity to enable the Commission to meet the cash flow demands of operations while obtaining the best rate of return, given the investment risk and cash flow restraints of the policy.

## **CLAYTON, RECREATION, SPORTS AND WELLNESS COMMISSION, INC.**

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### Notes To Financial Statements (*Continued*)

#### **Investment Policy**

The objectives of the City's investment policy are the following:

Legality: Every investment shall be made in accordance with applicable federal, state and local statutory provisions.

Safety: Safety of principal is the foremost objective of the investment policy. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital.

Liquidity: The investment portfolio must remain sufficiently liquid to enable the Commission to meet all operating requirements, which might be reasonably anticipated.

Return on Investment: The Commission's investment portfolio shall be managed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, taking into account the Commission's investment risk constraints and the cash flow characteristics of the portfolio.

These objectives support the Commission's conservative and prudent approach to investment management. The policy also addresses qualified institutions, appropriate investments, collateralization, safekeeping, institutional diversification of the portfolio, maximum maturities, performance standards, and reporting requirements.

#### **Investment Types And Maturities**

The policy limits investments to bonds, bills or notes of the United States or an agency thereof, negotiable or nonnegotiable certificates of deposit, savings accounts and other interest-earning deposit accounts of authorized financial institutions, or repurchase agreements (with acceptable collateral in an amount greater than the amount of the repurchase agreement including accrued interest) through approved financial institutions with a previously signed Master Repurchase Agreement. In accordance with the City's policy, the City tries to maintain a high level of liquidity to allow the Commission to meet its operating requirements. Unless matched to a specific cash flow, the Commission will not invest in securities maturing more than three years from the date of purchase, unless circumstances warrant other consideration.

## **CLAYTON, RECREATION, SPORTS AND WELLNESS COMMISSION, INC.**

### Notes To Financial Statements *(Continued)*

#### **Credit Risk**

The City's investment policy does not address credit quality standards.

#### **Concentration Of Credit Risk**

The Commission will diversify its investments by institution. With the exception of bonds, bills or notes of the United States or any agency thereof, including authorized pools, it shall be the goal of the Commission that no more than 80% of the Commission's investment portfolio will be invested in a single institution.

#### **Custodial Credit Risk**

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Commission will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In accordance with the City's policy, the Commission addresses custodial risk by pre-qualifying institutions with which the Commission places investments, diversifying the investment portfolio, and maintaining a standard of quality for investments.

For deposits, custodial credit risk is the risk that in the event of bank failure, the Commission's deposits may not be returned. Protection of the Commission's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, or by a single collateral pool established by the financial institution.

# CLAYTON, RECREATION, SPORTS AND WELLNESS COMMISSION, INC.

## Notes To Financial Statements (Continued)

### 3. Capital Assets

Capital assets activity for the fiscal years ended September 30, 2009 and 2008 was as follows:

	Balance - October 1,			Balance - September 30,
	2008	Additions	Deletions	2009
Capital assets being depreciated:				
Building and improvements	\$ 18,674,638	\$ 25,722	\$ —	\$ 18,700,360
Furniture and equipment	1,255,756	142,248	(70,069)	1,327,935
<b>Total Capital Assets Being Depreciated</b>	<b>19,930,394</b>	<b>167,970</b>	<b>(70,069)</b>	<b>20,028,295</b>
Less: Accumulated depreciation for:				
Building and improvements	3,829,571	479,766	—	4,309,337
Furniture and equipment	878,484	167,876	(62,503)	983,857
<b>Total Accumulated Depreciation</b>	<b>4,708,055</b>	<b>647,642</b>	<b>(62,503)</b>	<b>5,293,194</b>
<b>Total Capital Assets, Net</b>	<b>\$ 15,222,339</b>	<b>\$ (479,672)</b>	<b>\$ (7,566)</b>	<b>\$ 14,735,101</b>

	Balance - October 1,			Balance - September 30,
	2007	Additions	Deletions	2008
Capital assets being depreciated:				
Building and improvements	\$ 18,455,453	\$ 219,185	\$ —	\$ 18,674,638
Furniture and equipment	1,245,624	43,633	(33,501)	1,255,756
<b>Total Capital Assets Being Depreciated</b>	<b>19,701,077</b>	<b>262,818</b>	<b>(33,501)</b>	<b>19,930,394</b>
Less: Accumulated depreciation for:				
Building and improvements	3,356,078	473,493	—	3,829,571
Furniture and equipment	754,740	152,709	(28,965)	878,484
<b>Total Accumulated Depreciation</b>	<b>4,110,818</b>	<b>626,202</b>	<b>(28,965)</b>	<b>4,708,055</b>
<b>Total Capital Assets, Net</b>	<b>\$ 15,590,259</b>	<b>\$ (363,384)</b>	<b>\$ (4,536)</b>	<b>\$ 15,222,339</b>

Depreciation expense for the years ended September 30, 2009 and 2008 totaled \$647,642 and \$626,202, respectively.

# CLAYTON, RECREATION, SPORTS AND WELLNESS COMMISSION, INC.

## Notes To Financial Statements (Continued)

### 4. Long-Term Liabilities

The following is a summary of changes in the Commission's long-term liabilities for the fiscal years ended September 30, 2009 and 2008:

	Balance - October 1, 2008	Additions	Reductions	Amount Balance - September 30, 2009	Amount Due Within One Year
Note payable	\$ 718,526	\$ —	\$ (53,369)	\$ 665,157	\$ 55,479
Capital lease payable - 2006	3,927	—	(3,927)	—	—
Capital lease payable - 2007	15,469	—	(12,293)	3,176	3,176
Capital lease payable - 2008	24,400	—	(9,855)	14,545	10,209
	762,322	—	(79,444)	682,878	68,864
Compensated absences	13,362	22,974	(22,121)	14,215	14,215
	\$ 775,684	\$ 22,974	\$ (101,565)	\$ 697,093	\$ 83,079

	Balance - October 1, 2007	Additions	Reductions	Balance - September 30, 2008	Due Within One Year
Note payable	\$ 769,585	\$ —	\$ (51,059)	\$ 718,526	\$ 53,056
Capital lease payable - 2005	3,846	—	(3,846)	—	—
Capital lease payable - 2006	19,093	—	(15,166)	3,927	3,927
Capital lease payable - 2007	27,010	—	(11,541)	15,469	12,297
Capital lease payable - 2008	—	29,993	(5,593)	24,400	10,552
	819,534	29,993	(87,205)	762,322	79,832
Compensated absences	18,695	31,531	(36,864)	13,362	13,362
	\$ 838,229	\$ 61,524	\$ (124,069)	\$ 775,684	\$ 93,194

### Note Payable

The Commission obtained an unsecured, fixed rate loan in June 1, 2007 for \$782,000 from a financial institution to pay off a then existing note and to renovate the Shaw Park swimming pool and the Stuber Gymnasium. Quarterly payments, including principal and interest, are \$21,115 with an initial rate of 4.47%. The note matures on June 1, 2019.

# CLAYTON, RECREATION, SPORTS AND WELLNESS COMMISSION, INC.

## Notes To Financial Statements (Continued)

Aggregate maturities for the note payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 55,479	\$ 28,982
2011	58,013	26,447
2012	60,663	23,798
2013	63,434	21,027
2014	66,332	18,129
2015-2019	361,236	42,335
	<u>\$ 665,157</u>	<u>\$ 160,718</u>

### Capital Leases Payable

The Commission has entered into lease agreements as lessee for the acquisition of fitness equipment. Monthly payments totaling \$1,940, including interest at rates of 3.49% to 4.45%, are to be paid through February 15, 2011. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital leases are as follows:

Equipment	\$ 146,015
Less: Accumulated depreciation	<u>96,610</u>
	<u>\$ 49,405</u>

The future minimum lease obligations and the net present value of the minimum lease payments are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2010	\$ 13,736
2011	<u>4,373</u>
Total minimum lease payments	18,109
Less: Amount representing interest	<u>388</u>
Present value of future minimum lease payments	17,721
Less: Current portion	<u>13,385</u>
Noncurrent portion	<u>\$ 4,336</u>

## **CLAYTON, RECREATION, SPORTS AND WELLNESS COMMISSION, INC.**

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Notes To Financial Statements *(Continued)*

### **5. Intergovernmental Agreement**

The City joined with the School District to construct and operate the Commission's recreational facility. Administration, accounting, repair and maintenance of the facility will be shared in accordance with an agreement between the City and the School District. The City contributed approximately two-thirds of the construction costs, with the remainder contributed by the School District and various other organizations. The City and the School District are liable in accordance with the terms of the contract for any operational cash shortages. The total amount charged to the City and the School District amounted to \$250,000 and \$307,927 for the years ended September 30, 2009 and 2008, respectively. Both the City and the School District are leasing three and nine acres of land, respectively, to the Commission for \$1 per year for 35 years.

