CLAYTON RECREATION, SPORTS AND WELLNESS COMMISSION, INC.

FINANCIAL REPORT
(Audited)

Year Ended September 30, 2011

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITORS' REPORT

April 19, 2012

Board of Directors
CLAYTON RECREATION, SPORTS AND WELLNESS COMMISSION, INC.

We have audited the accompanying basic financial statements of the business-type activities of the **CLAYTON RECREATION, SPORTS AND WELLNESS COMMISSION, INC.** (the Commission) as of and for the years ended September 30, 2011 and 2010, which, collectively comprise the Commission's basic statements as listed in the table of contents. 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 audit.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities as of September 30, 2011 and 2010, and the respective changes in financial position and its cash flows thereof for the years then ended, in conformity with U.S. generally accepted accounting principles.

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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 U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of required supplementary information. However, we did not audit the information and express no opinion on it.

Hochschild, Bloom & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

As management of the Clayton Recreation, Sports and Wellness Commission, Inc. (the Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal years ended September 30, 2011, 2010, and 2009.

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 statements of net assets; statements of revenues, expenses, and changes in net assets; and statements of cash flows. The statements of net assets 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 statements 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 statements 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, noncapital and related financing, and investing.

A condensed version of the statements of net assets is as follows:

	September 30		
	2011	2010	2009
ASSETS			
Cash and other current assets	**$ 126,705**	416,853	325,895
Capital assets	**13,922,700**	14,204,683	14,735,101
Total Assets	**14,049,405**	14,621,536	15,060,996
LIABILITIES			
Current liabilities	**638,420**	752,986	543,959
Noncurrent liabilities	**508,657**	565,639	614,014
Total Liabilities	**1,147,077**	1,318,625	1,157,973
NET ASSETS			
Invested in capital assets, net of related debt	**13,329,306**	13,565,139	14,052,223
Unrestricted	**(426,978)**	(262,228)	(149,200)
Total Net Assets	**$ 12,902,328**	13,302,911	13,903,023

STATEMENTS OF NET ASSETS

2011 and 2010

The Commission's net assets at September 30, 2011 decreased $400,583 to $12,902,328 from the prior year. The change is primarily due to the provision for depreciation expense of $565,596 and an operating loss before depreciation of $247,298. These items were partially offset by contributions totaling $300,000 from affiliated entities, the City of Clayton and the School District of Clayton.

2010 and 2009

The Commission's net assets at September 30, 2010 decreased $600,112 to $13,302,911 from the prior year. The change is primarily due to the provision for depreciation expense of $622,220 and an operating loss before depreciation of $251,275. These items were partially offset by contributions totaling $300,000 from affiliated entities, the City of Clayton and the School District of Clayton.

A condensed version of the statements of revenues, expenses, and changes in net assets is as follows:

	For The Years Ended September 30		
	2011	2010	2009
Operating revenues	**$ 2,739,126**	2,705,608	2,712,068
Operating expenses	**3,552,020**	3,579,103	3,539,854
Operating loss	**(812,894)**	(873,495)	(827,786)
Nonoperating revenues, net	**412,311**	273,383	231,517
Change in net assets	**(400,583)**	(600,112)	(596,269)
Net assets, beginning of year	**13,302,911**	13,903,023	14,499,292
Net assets, end of year	**$ 12,902,328**	13,302,911	13,903,023

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

2011 and 2010

Operating revenues in fiscal year 2011 increased by $33,518 to $2,739,126 or 1.24% and expenses decreased by $27,083 to $3,552,020 or 0.76% compared to the prior year ended September 30, 2010. Contributions from affiliates (City of Clayton and School District of Clayton) in fiscal year 2011 remained the same at $300,000 and are included in nonoperating revenues. The Commission also received $137,075 during fiscal year 2011 for insurance recoveries.

2010 and 2009

Operating revenues in fiscal year 2010 decreased by $6,460 to $2,705,608 or 0.24% and expenses increased by $39,249 to $3,579,103 or 1.11% compared to the prior year ended September 30, 2009. Contributions from affiliates (City of Clayton and School District of Clayton) in fiscal year 2010 increased to $300,000 from $250,000 in fiscal year 2009 and are included in nonoperating revenues.

STATEMENTS 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 2011 increased by $264,394 to $20,344,700 and accumulated depreciation increased by $546,377 to $6,422,000. Capital assets in fiscal year 2010 increased by $52,011 to $20,080,306 and accumulated depreciation increased by $582,429 to $5,875,623.

The following is a summary of capital assets:

	September 30		
	2011	2010	2009
Building and improvements	**$ 18,915,893**	18,741,852	18,700,360
Furniture and equipment	**1,428,807**	1,338,454	1,327,935
Total Capital Assets	**20,344,700**	20,080,306	20,028,295
Less - Accumulated depreciation	**6,422,000**	5,875,623	5,293,194
Total Capital Assets, Net	**$ 13,922,700**	14,204,683	14,735,101

Additional information on the Commission's capital assets can be found in Note C in the notes to financial statements.

LONG-TERM DEBT

The Commission's long-term liabilities of $593,394 at September 30, 2011 decreased by $46,150 from 2010. This decrease was principally due to scheduled principal payments on the notes payable and the capital lease, offset partially by the addition of one new note.

The Commission's long-term liabilities of $639,544 at September 30, 2010 decreased by $43,334 from 2009. This decrease was principally due to scheduled principal payments on the note payable and the capital leases, offset partially by the addition of one new note.

The following is a summary of long-term debt:

	September 30		
	2011	2010	2009
Notes payable	**$ 593,394**	635,204	665,157
Capital lease payable	**-**	4,340	17,721
Long-term Liabilities	**$ 593,394**	639,544	682,878

Additional information on the Commission's long-term debt can be found in Note D in the notes to financial statements.

OVERALL ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The Commission's overall net assets including depreciation expense declined $400,583 in fiscal year 2011, $600,112 in fiscal year 2010, and $596,269 in fiscal year 2009. The Commission's net assets, excluding depreciation expense, increased $165,013 in fiscal year 2011, $22,108 in fiscal year 2010, and $51,373 in fiscal year 2009.

OVERALL OUTLOOK FOR NEXT YEAR

At this time, the most significant factor likely to impact the 2012 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. The Commission's income reflects little growth in annual passes for fiscal year 2012, as a proposed membership fee increase was not implemented based on the recommendation of the Commission. A membership rate increase is expected for fiscal year 2013. The restructure of lower class fees, along with increased member amenities, has helped to increase family membership sales. Increased enrollment in fitness and aquatic fitness programs, has improved participation numbers, although revenue in these program areas has not dramatically increased due to the new fee structure. Once again, a relatively conservative budget was approved for fiscal year 2012, but the Commission is optimistic that it will remain 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, Janet Watson, at 314-290-8445.

CLAYTON RECREATION, SPORTS AND WELLNESS COMMISSION, INC.

STATEMENTS OF NET ASSETS

SEPTEMBER 30, 2011 AND 2010

	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	$ 16,746	306,592
Accounts receivable	76,183	76,521
Prepaid expenses	33,776	33,740
Total Current Assets	126,705	416,853
Capital Assets		
Building and improvements	18,915,893	18,741,852
Furniture and equipment	1,428,807	1,338,454
	20,344,700	20,080,306
Less - Accumulated depreciation	6,422,000	5,875,623
Total Capital Assets	13,922,700	14,204,683
Total Assets	14,049,405	14,621,536
LIABILITIES		
Current Liabilities		
Accounts payable	98,996	229,124
Accrued salaries and payroll taxes	77,152	73,487
Accrued compensated absences	23,787	20,926
Accrued interest payable	2,055	2,272
Deferred revenue - memberships	351,393	352,972
Deposits	300	300
Current portion of long-term notes payable	84,737	69,565
Current portion of capital lease obligation	-	4,340
Total Current Liabilities	638,420	752,986
Noncurrent Liabilities		
Notes payable, less current portion	508,657	565,639
Total Liabilities	1,147,077	1,318,625
NET ASSETS		
Invested in capital assets, net of related debt	13,329,306	13,565,139
Unrestricted	(426,978)	(262,228)
Total Net Assets	$ 12,902,328	13,302,911

See notes to financial statements

CLAYTON RECREATION, SPORTS AND WELLNESS COMMISSION, INC.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010
OPERATING REVENUES		
Admissions	**$ 1,790,934**	1,748,176
Programs	**719,028**	723,869
Rentals	**138,281**	135,946
Child care	**13,107**	13,959
Miscellaneous	**77,776**	83,658
Total Operating Revenues	**2,739,126**	2,705,608
OPERATING EXPENSES		
Building operations	**1,100,646**	1,039,751
Administration	**1,042,970**	1,050,335
Aquatics	**340,175**	358,983
Fitness	**384,145**	400,828
Sports	**89,953**	66,767
Summer quest	**6,624**	33,091
General recreation	**21,911**	7,128
Depreciation	**565,596**	622,220
Total Operating Expenses	**3,552,020**	3,579,103
OPERATING LOSS	**(812,894)**	(873,495)
NONOPERATING REVENUES (EXPENSES)		
Contributions from affiliates	**300,000**	300,000
Insurance recoveries	**137,075**	-
Investment income	**1,172**	1,852
Interest expense	**(25,936)**	(28,469)
Total Nonoperating Revenues (Expenses)	**412,311**	273,383
CHANGES IN NET ASSETS	**(400,583)**	(600,112)
NET ASSETS, OCTOBER 1	**13,302,911**	13,903,023
NET ASSETS, SEPTEMBER 30	**$ 12,902,328**	13,302,911

See notes to financial statements

CLAYTON RECREATION, SPORTS AND WELLNESS COMMISSION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Cash received from operations	**$ 2,737,885**	2,726,729
Cash paid for operations	**(3,110,062)**	(2,768,061)
Net Cash Used In Operating Activities	**(372,177)**	(41,332)
Cash flows from noncapital financing activities:		
Advances to affiliate	**-**	(16,031)
Contributions from affiliates	**300,000**	300,000
Insurance recoveries	**137,075**	-
Net Cash Provided By Noncapital Financing Activities	**437,075**	283,969
Cash flows from capital and related financing activities:		
Purchase of capital assets	**(283,613)**	(91,802)
Proceeds from note payable	**37,276**	33,469
Principal payments on notes payable	**(79,086)**	(63,422)
Principal payments on capital lease payable	**(4,340)**	(13,381)
Interest paid	**(26,153)**	(28,677)
Net Cash Used In Capital And Related Financing Activities	**(355,916)**	(163,813)
Cash flows from investing activities:		
Investment income	**1,172**	1,852
Net Cash Provided By Investing Activities	**1,172**	1,852
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(289,846)**	80,676
CASH AND CASH EQUIVALENTS, OCTOBER 1	**306,592**	225,916
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	**$ 16,746**	306,592

See notes to financial statements

(Continued)

CLAYTON RECREATION, SPORTS AND WELLNESS COMMISSION, INC.

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	**$ (812,894)**	(873,495)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	**565,596**	622,220
(Increase) decrease in:		
Accounts receivable	**338**	6,539
Prepaid expenses	**(36)**	(790)
Increase (decrease) in:		
Accounts payable	**(130,128)**	179,047
Accrued payroll and other	**6,526**	10,565
Deferred revenue - memberships	**(1,579)**	14,582
Total Adjustments	**440,717**	832,163
Net Cash Used In Operating Activities	**$ (372,177)**	(41,332)

See notes to financial statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **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 government units based upon its relationship with the City and School District. The more significant of the Commission's accounting policies are described below:

1. Reporting Entity - Related Party

The financial statements of the Commission include the financial activities of the Commission and any component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an Amendment of GASB 14*. The Commission is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the Commission appoints a voting majority of the component unit's governing body or because the component unit will provide a financial benefit or impose a financial burden on the Commission. It was determined that the Commission does not have any component units.

2. Basis of Accounting

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.

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 statements of net assets.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Basis of Accounting (Continued)

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.

As permitted by U.S. generally accepted accounting principles, 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.

3. Accounts Receivable

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

4. Capital Assets

Capital assets are defined by the Commission 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.

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

Assets	Years
Building and improvements	7 - 40
Furniture and equipment	5 - 10

5. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Statements of Cash Flows

For purposes of the statements of cash flows, the Commission considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

7. Income Taxes

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

8. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

NOTE B - 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, 2011 and 2010 of $15,646 and $305,492, respectively. The Commission held petty cash of $1,100 in 2011 and 2010. 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.

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the Commission's deposits may not be returned or the Commission will not be able to recover collateral securities in the possession of an outside party. The Commission's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the Commission or trustee institution. The value of the securities must amount to the total of the Commission's cash not insured by the Federal Deposit Insurance Corporation (FDIC).

As of September 30, 2011, the Commission's bank balances with the City were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

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.

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Investment Policy (Continued)

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.

The policy limits investments to bonds, bills, or notes of the U.S. 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.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy does not address credit quality standards.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Commission's investment in a single issuer. The Commission will diversify its investments by institution. With the exception of bonds, bills, or notes of the U.S. 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 prequalifying institutions with which the Commission places investments, diversifying the investment portfolio, and maintaining a standard of quality for investments.

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Investment Policy (Continued)

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 FDIC, by eligible securities pledged by the financial institution, or by a single collateral pool established by the financial institution.

NOTE C - CAPITAL ASSETS

Capital assets activity was as follows:

	For The Year Ended September 30, 2011			
	Balance September 30 2010	Additions	Deletions	Balance September 30 2011
Capital assets being depreciated:				
Building and improvements	$ 18,741,852	174,041	-	18,915,893
Furniture and equipment	1,338,454	112,870	22,517	1,428,807
Total Capital Assets Being Depreciated	20,080,306	286,911	22,517	20,344,700
Less - Accumulated depreciation for:				
Building and improvements	4,787,560	487,051	-	5,274,611
Furniture and equipment	1,088,063	78,545	19,219	1,147,389
Total Accumulated Depreciation	5,875,623	565,596	19,219	6,422,000
Total Capital Assets, Net	$ 14,204,683	(278,685)	3,298	13,922,700

NOTE C - CAPITAL ASSETS (Continued)

	For The Year Ended September 30, 2010			
	Balance September 30 2009	Additions	Deletions	Balance September 30 2010
Capital assets being depreciated:				
Building and improvements	$ 18,700,360	41,492	-	18,741,852
Furniture and equipment	1,327,935	55,679	45,160	1,338,454
Total Capital Assets Being Depreciated	20,028,295	97,171	45,160	20,080,306
Less - Accumulated depreciation for:				
Building and improvements	4,309,337	478,223	-	4,787,560
Furniture and equipment	983,857	143,997	39,791	1,088,063
Total Accumulated Depreciation	5,293,194	622,220	39,791	5,875,623
Total Capital Assets, Net	$ 14,735,101	(525,049)	5,369	14,204,683

Depreciation expense for the years ended September 30, 2011 and 2010 totaled $565,596 and $622,220, respectively.

NOTE D - LONG-TERM DEBT

Long-term debt consisted of the following:

	For The Year Ended September 30, 2011				**Amounts Due Within One Year**
	Balance September 30 2010	**Additions**	**Reductions**	**Balance September 30 2011**	
Notes payable	$ 635,204	37,276	79,086	593,394	84,737
Capital lease payable	4,340	-	4,340	-	-
	639,544	37,276	83,426	593,394	84,737
Compensated absences	20,926	31,756	28,895	23,787	23,787
Total Long-term Debt	$ 660,470	69,032	112,321	617,181	108,524

NOTE D - LONG-TERM DEBT (Continued)

	For The Year Ended September 30, 2010				Amounts
	Balance September 30 2009	Additions	Reductions	Balance September 30 2010	Due Within One Year
Notes payable	$ 665,157	33,469	63,422	635,204	69,565
Capital lease payable	17,721	-	13,381	4,340	4,340
	682,878	33,469	76,803	639,544	73,905
Compensated absences	14,215	36,301	29,590	20,926	20,926
Total Long-term Debt	$ 697,093	69,770	106,393	660,470	94,831

Notes Payable

The Commission obtained an unsecured, fixed rate loan on 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.

The Commission entered into a promissory note in February 2010 for $33,469 from the City for fitness equipment. Monthly payments, including principal and interest are $980 with an interest rate of 1%. The note matures in December 2012.

The Commission entered into a promissory note in January 2011 for $37,276 from the City for fitness equipment. Quarterly payments, including principal and interest are $3,160 with an interest rate of 1%. The note matures in December 2013.

Aggregate maturities for the note payable are as follows:

NOTE D - LONG-TERM DEBT (Continued)

For The Years Ended September 30	Principal	Interest
2012	$ 84,737	24,124
2013	78,566	21,143
2014	69,446	18,140
2015	69,359	15,102
2016	72,527	11,934
2017 - 2019	218,759	16,603
Total	$ 593,394	107,046

Capital Lease Payable

The Commission has entered into a lease agreement as lessee for the acquisition of fitness equipment. Monthly payments totaling $1,940, including interest at rates of 3.49% to 4.45%, to be paid through February 15, 2011. This lease agreement qualifies as capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease was paid in full during the year-ended September 30, 2011.

NOTE E - 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 $300,000 for the years ended September 30, 2011 and 2010. 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. At September 30, 2011, accounts payable includes $79,597 which is owed to the School District.

NOTE F - EMPLOYEE RETIREMENT BENEFIT PLAN

Substantially all full-time Commission employees are covered by a defined benefit pension plan which is operated by the City. Employees become eligible to participate in the plan on the start date of their full-time employment.

NOTE G - COMMITMENTS AND CONTINGENCIES

As of September 30, 2011, the Commission had entered into various construction contracts for the sky-light and brickwork project at an approximate cost of $336,000.

NOTE H - SUBSEQUENT EVENTS

In January 2012, the Commission entered into a note payable with the City for the purchase of fitness equipment in the amount of $32,264.