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***CLAYTON RECREATION, SPORTS  
AND WELLNESS COMMISSION, INC.***  
*FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2019*

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RubinBrown LLP  
Certified Public Accountants &  
Business Consultants

One North Brentwood  
Saint Louis, MO 63105

T 314.290.3300  
F 314.290.3400

W [rubinbrown.com](http://rubinbrown.com)  
E [info@rubinbrown.com](mailto:info@rubinbrown.com)

## Independent Auditors' Report

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

### Report On The Financial Statements

We have audited the accompanying financial statements of the business-type activities of Clayton Recreation, Sports And Wellness Commission, Inc. (the Commission), as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### *Management's Responsibility For The Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditors' Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Commission as of September 30, 2019 and 2018, and the respective changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

*RubinBrown LLP*

October 6, 2020

# CLAYTON RECREATION, SPORTS AND WELLNESS COMMISSION, INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Clayton Recreation, Sports and Wellness Commission, Inc. (the Commission) we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal years ended September 30, 2019, 2018 and 2017.

### 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 Position; 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 Position. 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 2019, 2018 and 2017:

	September 30,		
	2019	2018	2017
<b>ASSETS</b>			
Current assets	\$ 2,241,013	\$ 255,711	\$ 91,999
Capital assets	13,868,499	10,738,321	11,161,503
Total Assets	16,109,512	10,994,032	11,253,502
<b>LIABILITIES</b>			
Current liabilities	2,861,212	756,962	813,194
Total Liabilities	2,861,212	756,962	813,194
<b>NET POSITION</b>			
Investment in capital assets	13,868,499	10,738,321	11,161,503
Unrestricted deficiency	(620,199)	(501,251)	(721,195)
Total Net Position	\$ 13,248,300	\$ 10,237,070	\$ 10,440,308

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

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

#### **BALANCE SHEET**

##### 2019 and 2018

The Commission's net position at September 30, 2019 increased \$3,011,230 to \$13,248,300, from the prior year. The change is primarily due to investment in capital assets with some change due to the provision for depreciation expense of \$618,185 and an operating loss before depreciation of \$334,741. These items were partially offset by contributions totaling \$3,916,256 from affiliated entities, the City of Clayton and the School District of Clayton, and utility reimbursements of \$43,443 from Oasis, \$1,620 from Clayton Community Foundation and \$1,811 from Subway.

##### 2018 and 2017

The Commission's net position at September 30, 2018 decreased \$203,238 to \$10,237,070, from the prior year. The change is primarily due to the provision for depreciation expense of \$575,932 and an operating loss before depreciation of \$236,936. These items were partially offset by contributions totaling \$557,854 from affiliated entities, the City of Clayton and the School District of Clayton, and utility reimbursements of \$40,541 from Oasis, \$2,160 from Clayton Century Foundation and \$3,369 from Subway.

	September 30,		
	2019	2018	2017
Operating revenues	\$ 2,847,419	\$ 3,060,162	\$ 2,871,320
Operating expenses	3,800,345	3,873,030	3,966,909
Operating loss	(952,926)	(812,868)	(1,095,589)
Nonoperation revenues, net	3,964,156	609,630	245,615
Change in net position	3,011,230	(203,238)	(849,974)
Net position, beginning of year	10,237,070	10,440,308	11,290,282
Net position, end of year	\$ 13,248,300	\$ 10,237,070	\$ 10,440,308

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

##### 2019 and 2018

Operating revenues in fiscal year 2019 decreased by \$212,743 to \$2,847,419 or 6.95%, and expenses decreased by \$72,685 to \$3,800,345 or 1.88% compared to the prior year ended September 30, 2018. Contributions from affiliates (City of Clayton and School District of Clayton) in fiscal year 2019 increased from 2018 by \$3,358,402 and include both annual and shared capital contributions totaling \$3,916,256, and are included in non-operating revenue.

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

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

2018 and 2017

Operating revenues in fiscal year 2018 increased by \$188,842 to \$3,060,162 or 6.58%, and expenses decreased by \$93,879 to \$3,873,030 or 2.37% compared to the prior year ended September 30, 2017. Contributions from affiliates (City of Clayton and School District of Clayton) in fiscal year 2018 increased from 2017 at \$557,854, and are included in non-operating revenue.

### **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 2019 increased by \$3,077,891 to \$23,866,755 and accumulated depreciation decreased by \$52,287 to \$9,998,256. Capital assets in fiscal year 2018 increased by \$68,854 to \$20,788,864 and accumulated depreciation increased by \$492,036 to \$10,050,543.

The following is a comparative summary of capital assets.

	<b>September 30,</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Building and improvements	\$ 19,280,820	\$ 19,110,577	\$ 19,117,624
Furniture and equipment	1,620,341	1,589,215	1,593,930
Construction in progress	2,965,594	89,072	8,456
<b>Total Capital Assets</b>	<b>23,866,755</b>	<b>20,788,864</b>	<b>20,720,010</b>
Less: Accumulated depreciation	9,998,256	10,050,543	9,558,507
<b>Net Capital Assets</b>	<b>\$ 13,868,499</b>	<b>\$ 10,738,321</b>	<b>\$ 11,161,503</b>

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

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

The Commission's overall net position including depreciation expense increased \$3,011,230 in fiscal year 2019, decreased \$203,238 in fiscal year 2018 and decreased \$849,974 in 2017. The Commission's net position, excluding depreciation expense, increased \$3,629,415 in fiscal year 2019, increased \$372,694 in fiscal year 2018, and increased \$266,148 in fiscal year 2017.

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

Management's Discussion And Analysis (*Continued*)

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

As in years past, the revenue stream for annual passes continues to be a significant method of access for many people in the community, including residents, non-residents and corporate citizens alike. This is not expected to change for the upcoming year. The Commission's income reflects a 3% decline in annual passes based on the large-scale renovation at The Center of Clayton, which required the closure of some areas of the facility throughout the year. Increased member amenities, such as free and reduced-fee member services, are gauged each year and continue to drive membership sales, particularly for families. Daily fees, programming and facility rentals continue to be consistent sources of additional revenue for the facility. A conservative budget was approved for FY20 due to ongoing renovations, but the Commission is optimistic that it will maintain the current high quality of service to its members and 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 Director of Finance and Administration, Janet K. Watson, at 314-290-8445.



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

**BALANCE SHEET**

	<b>September 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 1,100	\$ 1,100
Accounts receivable	2,146,564	173,998
Prepaid expenses	93,349	80,613
<b>Total Current Assets</b>	<b>2,241,013</b>	<b>255,711</b>
<b>Capital Assets</b>		
Building and improvements	19,280,820	19,110,577
Furniture and equipment	1,620,341	1,589,215
Construction in progress	2,965,594	89,072
Total Capital Assets Before Depreciation	23,866,755	20,788,864
Less: Accumulated depreciation	9,998,256	10,050,543
<b>Total Capital Assets</b>	<b>13,868,499</b>	<b>10,738,321</b>
<b>Total Assets</b>	<b>\$ 16,109,512</b>	<b>\$ 10,994,032</b>
<b>Liabilities And Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,413,802	\$ 235,438
Accrued salaries and payroll taxes	59,009	63,517
Accrued compensated absences	24,157	24,932
Deferred revenue - memberships	355,795	425,675
Deposits	8,449	7,400
<b>Total Current Liabilities</b>	<b>2,861,212</b>	<b>756,962</b>
<b>Net Position</b>		
Net investment in capital assets	13,868,499	10,738,321
Unrestricted	(620,199)	(501,251)
<b>Total Net Position</b>	<b>13,248,300</b>	<b>10,237,070</b>
<b>Total Liabilities And Net Position</b>	<b>\$ 16,109,512</b>	<b>\$ 10,994,032</b>

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

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

	For The Years Ended September 30,	
	2019	2018
<b>Operating Revenues</b>		
Admissions	\$ 1,909,278	\$ 2,093,527
Programs	762,724	746,292
Rentals	141,266	174,844
Child care	596	2,508
Miscellaneous	33,555	42,991
<b>Total Operating Revenues</b>	<b>2,847,419</b>	<b>3,060,162</b>
<b>Operating Expenses</b>		
Building operations	852,613	1,021,592
Administration	1,375,349	1,308,738
Aquatics	419,171	451,211
Fitness	457,099	435,065
Sports	67,541	64,347
Summer quest	10,387	16,145
Depreciation	618,185	575,932
<b>Total Operating Expenses</b>	<b>3,800,345</b>	<b>3,873,030</b>
<b>Operating Loss</b>	<b>(952,926)</b>	<b>(812,868)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Contributions from affiliates	3,916,256	557,854
Utility reimbursement	46,874	46,070
Investment income	1,026	5,706
<b>Total Nonoperating Revenues (Expenses)</b>	<b>3,964,156</b>	<b>609,630</b>
<b>Change In Net Position</b>	<b>3,011,230</b>	<b>(203,238)</b>
<b>Net Position - Beginning Of Year</b>	<b>10,237,070</b>	<b>10,440,308</b>
<b>Net Position - End Of Year</b>	<b>\$ 13,248,300</b>	<b>\$ 10,237,070</b>

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

**STATEMENT OF CASH FLOWS**

	For The Years Ended September 30,	
	2019	2018
<b>Cash Flows From Operating Activities</b>		
Cash received from operations	\$ 2,840,257	\$ 2,917,033
Cash paid for operations	(1,939,442)	(3,371,068)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>900,815</b>	<b>(454,035)</b>
<b>Cash Flows From Noncapital Financing Activities</b>		
Utility reimbursement	46,874	46,070
Contributions from affiliates	1,882,021	557,854
<b>Net Cash Flows Provided By Noncapital Financing Activities</b>	<b>1,928,895</b>	<b>603,924</b>
<b>Cash Flows Used In Capital And Related Financing Activities</b>		
Purchases of furniture and equipment	(2,830,736)	(155,595)
<b>Cash Flows Provided By Investing Activities</b>		
Investment income	1,026	5,706
<b>Net Increase In Cash</b>	<b>—</b>	<b>—</b>
<b>Cash - Beginning Of Year</b>	<b>1,100</b>	<b>1,100</b>
<b>Cash - End Of Year</b>	<b>\$ 1,100</b>	<b>\$ 1,100</b>
<b>Reconciliation Of Operating Loss To Net Cash</b>		
<b>From Operating Activities</b>		
Operating loss	\$ (952,926)	\$ (812,868)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	618,185	575,932
Loss on disposal of capital assets	18,217	3,195
Changes in assets and liabilities:		
Accounts receivable	61,669	(163,033)
Prepaid expenses	(12,736)	(679)
Accounts payable	1,242,520	(85,082)
Accrued salaries, payroll taxes and compensated absences	(5,283)	8,596
Deferred revenue - memberships	(69,880)	17,004
Deposits	1,049	2,900
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ 900,815</b>	<b>\$ (454,035)</b>
<b>Noncash Investing, Capital And Financing Activity</b>		
Capital assets included in accounts payable	\$ 980,232	\$ 44,388
Contributions from affiliates included in accounts receivable	2,034,235	—

# CLAYTON RECREATION, SPORTS AND WELLNESS COMMISSION, INC.

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## NOTES TO FINANCIAL STATEMENTS

September 30, 2019 And 2018

### 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 purposes of providing educational, recreation, athletic and wellness programs, community-based activities and related activities, and owning and operating 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**

The financial statements of the Commission include the financial activities of the Commission and any component units, entities which are financially accountable to the Commission. The Commission does not have any component units.

#### **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.

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 statement of financial position.

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

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

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, utility reimbursements 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.

#### **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 acquisition 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:

<u>Assets</u>	<u>Years</u>
Building and improvements	7 - 40 years
Furniture and equipment	5 - 10 years

#### **Compensated Absences**

Full-time employees are granted vacation time based on length of service. Vacation is granted at the beginning of the calendar year, but it is earned on a proportionate basis over the course of the calendar year. A maximum of 80 hours may be carried over to a subsequent calendar year. Upon termination, the employee is paid for unused vacation. Sick leave, like vacation, is earned proportionally throughout the calendar year but is allotted at the beginning of the calendar year. Sick leave is available only to provide compensation during periods of illness. Upon termination, and only if the employee is vested, the employee is paid \$1 for each hour of sick leave balance.

**Statement Of Cash Flows**

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

**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.

At September 30, 2019 and 2018, the Commission had outstanding checks in excess of the bank balance of \$1,242,165 and \$54,483, respectively, which has been included within accounts payable on the balance sheet. The Commission held petty cash of \$1,100 in 2019 and 2018.

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).

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

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

As of September 30, 2019 and 2018, 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.

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.**

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

#### **Credit Risk**

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**

The Commission's policy is to diversify its investments by institution, with the exception of bonds, bills or notes of the United States or any agency thereof.

#### **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, 2019 and 2018 was as follows:

	Balance - October 1, 2018	Additions	Deletions	Balance - September 30, 2019
Capital assets, not being depreciated:				
Construction in progress	\$ 89,072	\$ 3,553,108	\$ (676,586)	\$ 2,965,594
<b>Total Capital Assets Not Being Depreciated</b>	<b>89,072</b>	<b>3,553,108</b>	<b>(676,586)</b>	<b>2,965,594</b>
Capital assets being depreciated:				
Building and improvements	19,110,577	753,700	(583,457)	19,280,820
Furniture and equipment	1,589,215	136,358	(105,232)	1,620,341
<b>Total Capital Assets Being Depreciated</b>	<b>20,699,792</b>	<b>890,058</b>	<b>(688,689)</b>	<b>20,901,161</b>
Less: Accumulated depreciation for:				
Building and improvements	8,728,345	540,855	(583,457)	8,685,743
Furniture and equipment	1,322,198	77,330	(87,015)	1,312,513
<b>Total Accumulated Depreciation</b>	<b>10,050,543</b>	<b>618,185</b>	<b>(670,472)</b>	<b>9,998,256</b>
<b>Total Capital Assets, Net</b>	<b>\$ 10,738,321</b>	<b>\$ 3,824,981</b>	<b>\$ (694,803)</b>	<b>\$ 13,868,499</b>
	Balance - October 1, 2017	Additions	Deletions	Balance - September 30, 2018
Capital assets, not being depreciated:				
Construction in progress	\$ 8,456	\$ 94,585	\$ (13,969)	\$ 89,072
<b>Total Capital Assets Not Being Depreciated</b>	<b>8,456</b>	<b>94,585</b>	<b>(13,969)</b>	<b>89,072</b>
Capital assets being depreciated:				
Building and improvements	19,117,624	3,050	(10,097)	19,110,577
Furniture and equipment	1,593,930	72,278	(76,993)	1,589,215
<b>Total Capital Assets Being Depreciated</b>	<b>20,711,554</b>	<b>75,328</b>	<b>(87,090)</b>	<b>20,699,792</b>
Less: Accumulated depreciation for:				
Building and improvements	8,236,154	502,288	(10,097)	8,728,345
Furniture and equipment	1,322,353	73,643	(73,798)	1,322,198
<b>Total Accumulated Depreciation</b>	<b>9,558,507</b>	<b>575,931</b>	<b>(83,895)</b>	<b>10,050,543</b>
<b>Total Capital Assets, Net</b>	<b>\$ 11,161,503</b>	<b>\$ (406,018)</b>	<b>\$ (17,164)</b>	<b>\$ 10,738,321</b>

# 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, 2019 and 2018:

	Balance - October 1, 2018	Additions	Reductions	Balance - September 30, 2019	Amount Due Within One Year
Compensated absences	\$ 24,932	\$ 36,464	\$ (37,239)	\$ 24,157	\$ 24,157

	Balance - October 1, 2017	Additions	Reductions	Balance - September 30, 2018	Amount Due Within One Year
Compensated absences	\$ 24,888	\$ 35,211	\$ (35,167)	\$ 24,932	\$ 24,932

### 5. Intergovernmental Agreement And Related Party Transactions

The City joined with the School District to construct and operate the Commission's recreational facility. Administration, accounting, and 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 \$346,770 and \$471,192 for the years ended September 30, 2019 and 2018, respectively. As revised in 2015, the Operation and Management Agreement calls for the City and the School District to continue leasing 1.47 and 6.592 acres of land, respectively, to the Commission for \$1 per year through April 30, 2034.

During 2018, the Commission began construction on renovations to the recreational facility. The total amount charged to the City and the School District amounted to \$3,569,486 and \$86,662, respectively, for the years ended September 30, 2019 and 2018. At September 30, 2019 and 2018, accounts receivable includes \$2,049,431 and \$86,662, respectively, owed from the City and the School District.

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

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

At September 30, 2019 and 2018, accounts payable includes \$133,865 and \$79,305, respectively, which is owed to the School District.

#### **6. 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. The net pension liability associated with this plan is reported on the City's financial statements, as the Commission's share of this liability is immaterial.

#### **7. Commitment**

The Commission entered into a construction contract for \$8,416,782, which includes change orders, for renovations of the recreation center. The Commission incurred cumulative renovation and construction costs of \$2,373,729 as of September 30, 2019.

#### **8. Subsequent Event**

The Commission is closely monitoring the status of COVID-19 and is regularly reassessing plans and procedures for the future. The extent to which COVID-19 will impact future revenues and the Commission remains highly uncertain and cannot be predicted at this time.