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***CLAYTON RECREATION, SPORTS  
AND WELLNESS COMMISSION, INC.***  
*FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2017*

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## 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, 2017 and 2016, 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, 2017 and 2016, 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*

September 17, 2018

# 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, 2017, 2016 and 2015.

### 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 2017, 2016 and 2015:

	September 30,		
	2017	2016	2015
<b>ASSETS</b>			
Current assets	\$ 91,999	\$ 261,106	\$ 368,125
Capital assets	11,161,503	11,563,344	12,003,534
<b>Total Assets</b>	<b>11,253,502</b>	<b>11,824,450</b>	<b>12,371,659</b>
<b>LIABILITIES</b>			
Current liabilities	813,194	534,168	572,913
<b>Total Liabilities</b>	<b>813,194</b>	<b>534,168</b>	<b>572,913</b>
<b>NET POSITION</b>			
Investment in capital assets	11,161,503	11,563,344	12,003,534
Unrestricted deficiency	(721,195)	(273,062)	(204,788)
<b>Total Net Position</b>	<b>\$ 10,440,308</b>	<b>\$ 11,290,282</b>	<b>\$ 11,798,746</b>

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

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

#### **BALANCE SHEET**

##### 2017 and 2016

The Commission's net position at September 30, 2017 decreased \$849,974 to \$10,440,308, from the prior year. The change is primarily due to the provision for depreciation expense of \$583,826 and an operating loss before depreciation of \$511,763. These items were partially offset by contributions totaling \$200,000 from affiliated entities, the City of Clayton and the School District of Clayton, and utility reimbursements of \$40,560 from Oasis, \$2,160 from Clayton Century Foundation and \$2,895 from Subway.

##### 2016 and 2015

The Commission's net position at September 30, 2016 decreased \$508,464 to \$11,290,282 from the prior year. The change is primarily due to the provision for depreciation expense of \$561,177 and an operating loss before depreciation of \$190,483. These items were partially offset by contributions totaling \$200,000 from affiliated entities, the City of Clayton and the School District of Clayton, and utility reimbursements of \$41,681 from Oasis.

	<b>September 30,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Operating revenues	\$ 2,871,320	\$ 2,896,904	\$ 2,915,457
Operating expenses	3,966,909	3,648,564	3,544,445
Operating loss	<b>(1,095,589)</b>	(751,660)	(628,988)
Nonoperation revenues, net	245,615	243,196	239,703
Change in net position	<b>(849,974)</b>	(508,464)	(389,285)
Net position, beginning of year	<b>11,290,282</b>	11,798,746	12,188,031
Net position, end of year	<b>\$ 10,440,308</b>	\$ 11,290,282	\$ 11,798,746

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

##### 2017 and 2016

Operating revenues in fiscal year 2017 decreased by \$25,584 to \$2,871,320 or .9%, and expenses increased by \$318,345 to \$3,966,909 or 8.73% compared to the prior year ended September 30, 2016. Contributions from affiliates (City of Clayton and School District of Clayton) in fiscal year 2017 remained consistent with 2016 at \$200,000, and are included in non-operating revenue.

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

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

2016 and 2015

Operating revenues in fiscal year 2016 decreased by \$18,553 to \$2,896,904 or .64%, and expenses increased by \$104,119 to \$3,648,564 or 2.94% compared to the prior year ended September 30, 2015. Contributions from affiliates (City of Clayton and School District of Clayton) in fiscal year 2016 remained consistent with 2015 at \$200,000, 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 2017 increased by \$148,195 to \$20,720,010 and accumulated depreciation increased by \$550,036 to \$9,558,507. Capital assets in fiscal year 2016 decreased by \$80,648 to \$20,571,815 and accumulated depreciation increased by \$520,838 to \$9,008,471.

The following is a comparative summary of capital assets.

	September 30,		
	2017	2016	2015
Building and improvements	\$ 19,117,624	\$ 19,048,313	\$ 18,989,790
Furniture and equipment	1,593,930	1,523,502	1,501,377
Construction in progress	8,456	—	—
<b>Total Capital Assets</b>	<b>20,720,010</b>	<b>20,571,815</b>	<b>20,491,167</b>
Less: Accumulated depreciation	9,558,507	9,008,471	8,487,633
<b>Net Capital Assets</b>	<b>\$ 11,161,503</b>	<b>\$ 11,563,344</b>	<b>\$ 12,003,534</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 decreased \$849,974 in fiscal year 2017, decreased \$508,464 in fiscal year 2016 and decreased \$389,285 in 2015. The Commission's net position, excluding depreciation expense, decreased \$266,148 in fiscal year 2017, increased \$52,713 in fiscal year 2016, and increased \$144,604 in fiscal year 2015.

## **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 an important avenue of access for many people in the community, including residents, non-residents and corporate citizens alike. Once again, this is not expected to change for the upcoming year. The Commission's income reflects minimal growth of 4.5% in annual passes based on the stagnant membership sales in recent years. Increased member amenities, such as free and reduced-fee member services, are gauged each year and continue to drive membership sales, particularly for families. To that end, Platinum Members will receive free Kid Center nursery services beginning in FY18, which has resulted in a decrease in Child Care revenues and slowly increasing Platinum Membership sales. Daily fees, programming and facility rentals continue to be consistent sources of revenue for the facility. A somewhat conservative budget was approved for FY18, but 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 Director of Finance and Administration, Janet K. Watson, at 314-290-8445.



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

**BALANCE SHEET**

Assets

	September 30,	
	2017	2016
<b>Current Assets</b>		
Cash	\$ 1,100	\$ 176,859
Accounts receivable	10,965	41,988
Prepaid expenses	79,934	42,259
<b>Total Current Assets</b>	<b>91,999</b>	<b>261,106</b>
<b>Capital Assets</b>		
Building and improvements	19,117,624	19,048,313
Furniture and equipment	1,593,930	1,523,502
Construction in progress	8,456	—
	<b>20,720,010</b>	<b>20,571,815</b>
Less: Accumulated depreciation	9,558,507	9,008,471
<b>Total Capital Assets</b>	<b>11,161,503</b>	<b>11,563,344</b>
	<b>\$ 11,253,502</b>	<b>\$ 11,824,450</b>

Liabilities And Net Position

<b>Current Liabilities</b>		
Accounts payable	\$ 320,170	\$ 121,807
Accrued salaries and payroll taxes	54,965	46,566
Accrued compensated absences	24,888	15,084
Deferred revenue - memberships	408,671	350,411
Deposits	4,500	300
<b>Total Current Liabilities</b>	<b>813,194</b>	<b>534,168</b>
<b>Net Position</b>		
Net investment in capital assets	11,161,503	11,563,344
Unrestricted	(721,195)	(273,062)
<b>Total Net Position</b>	<b>10,440,308</b>	<b>11,290,282</b>
	<b>\$ 11,253,502</b>	<b>\$ 11,824,450</b>

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

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

	For The Years Ended September 30,	
	2017	2016
<b>Operating Revenues</b>		
Admissions	\$ 1,977,896	\$ 1,980,118
Programs	707,220	702,859
Rentals	165,541	175,405
Child care	4,453	13,400
Miscellaneous	16,210	25,122
<b>Total Operating Revenues</b>	<b>2,871,320</b>	<b>2,896,904</b>
<b>Operating Expenses</b>		
Building operations	1,166,329	1,034,643
Administration	1,249,897	1,124,033
Aquatics	458,317	419,267
Fitness	424,925	419,635
Sports	58,182	58,183
Summer quest	20,898	21,500
General recreation	4,535	10,126
Depreciation	583,826	561,177
<b>Total Operating Expenses</b>	<b>3,966,909</b>	<b>3,648,564</b>
<b>Operating Loss</b>	<b>(1,095,589)</b>	<b>(751,660)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Contributions from affiliates	200,000	200,000
Utility reimbursement	45,615	41,681
Investment income	—	1,515
<b>Total Nonoperating Revenues (Expenses)</b>	<b>245,615</b>	<b>243,196</b>
<b>Change In Net Position</b>	<b>(849,974)</b>	<b>(508,464)</b>
<b>Net Position - Beginning Of Year</b>	<b>11,290,282</b>	<b>11,798,746</b>
<b>Net Position - End Of Year</b>	<b>\$ 10,440,308</b>	<b>\$ 11,290,282</b>

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

**STATEMENT OF CASH FLOWS**

	For The Years Ended September 30,	
	2017	2016
<b>Cash Flows From Operating Activities</b>		
Cash received from operations	\$ 2,964,803	\$ 3,009,700
Cash paid for operations	(3,248,230)	(3,131,902)
<b>Net Cash Used In Operating Activities</b>	<b>(283,427)</b>	<b>(122,202)</b>
<b>Cash Flows From Noncapital Financing Activities</b>		
Utility reimbursement	45,615	41,681
Contributions from affiliates	200,000	200,000
<b>Net Cash Flows Provided By Noncapital Financing Activities</b>	<b>245,615</b>	<b>241,681</b>
<b>Cash Flows Used In Capital And Related Financing Activities</b>		
Purchases of furniture and equipment	(137,947)	(121,575)
<b>Cash Flows Provided By Investing Activities</b>		
Investment income	—	1,515
<b>Net Decrease In Cash</b>	<b>(175,759)</b>	<b>(581)</b>
<b>Cash - Beginning Of Year</b>	<b>176,859</b>	<b>177,440</b>
<b>Cash - End Of Year</b>	<b>\$ 1,100</b>	<b>\$ 176,859</b>
<b>Reconciliation Of Operating Loss To Net Cash Used In Operating Activities</b>		
Operating loss	\$ (1,095,589)	\$ (751,660)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	583,826	561,177
Loss on disposal of capital assets	—	588
Changes in assets and liabilities:		
Decrease in accounts receivable	31,023	101,288
(Increase) decrease in prepaid expenses	(37,675)	5,150
Increase in accounts payable	154,325	14,209
Increase (decrease) in accrued salaries, payroll taxes and compensated absences	18,203	(64,462)
Increase in deferred revenue - memberships	58,260	11,508
Increase in deposits	4,200	—
<b>Net Cash Used In Operating Activities</b>	<b>\$ (283,427)</b>	<b>\$ (122,202)</b>
<b>Noncash Capital And Related Financing Activity</b>		
Capital assets included in accounts payable	\$ 44,038	\$ —

# CLAYTON RECREATION, SPORTS AND WELLNESS COMMISSION, INC.

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## NOTES TO FINANCIAL STATEMENTS

September 30, 2017 And 2016

### 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, 2017, the Commission had outstanding checks in excess of the bank balance of \$45,755, which has been included within accounts payable on the balance sheet.

The Commission has pooled cash deposits with the City at September 30, 2016 of \$175,759. The Commission held petty cash of \$1,100 in 2017 and 2016. 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, 2017 and 2016, 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, 2017 and 2016 was as follows:

	Balance - October 1, 2016			Balance - September 30, 2017		
		Additions	Deletions			
Capital assets, not being depreciated:						
Construction in progress	\$ —	\$ 8,456	\$ —	\$ 8,456		
<b>Total Capital Assets Not Being Depreciated</b>	<b>—</b>	<b>8,456</b>	<b>—</b>	<b>8,456</b>		
Capital assets being depreciated:						
Building and improvements	19,048,313	69,311	—	19,117,624		
Furniture and equipment	1,523,502	104,218	(33,790)	1,593,930		
<b>Total Capital Assets Being Depreciated</b>	<b>20,571,815</b>	<b>173,529</b>	<b>(33,790)</b>	<b>20,711,554</b>		
Less: Accumulated depreciation for:						
Building and improvements	7,727,971	508,183	—	8,236,154		
Furniture and equipment	1,280,500	75,643	(33,790)	1,322,353		
<b>Total Accumulated Depreciation</b>	<b>9,008,471</b>	<b>583,826</b>	<b>(33,790)</b>	<b>9,558,507</b>		
<b>Total Capital Assets, Net</b>	<b>\$ 11,563,344</b>	<b>\$ (401,841)</b>	<b>\$ —</b>	<b>\$ 11,161,503</b>		

	Balance - October 1, 2015			Balance - September 30, 2016		
		Additions	Deletions			
Capital assets being depreciated:						
Building and improvements	\$ 18,989,790	\$ 58,523	\$ —	\$ 19,048,313		
Furniture and equipment	1,501,377	63,052	(40,927)	1,523,502		
<b>Total Capital Assets Being Depreciated</b>	<b>20,491,167</b>	<b>121,575</b>	<b>(40,927)</b>	<b>20,571,815</b>		
Less: Accumulated depreciation for:						
Building and improvements	7,228,006	499,965	—	7,727,971		
Furniture and equipment	1,259,627	61,212	(40,339)	1,280,500		
<b>Total Accumulated Depreciation</b>	<b>8,487,633</b>	<b>561,177</b>	<b>(40,339)</b>	<b>9,008,471</b>		
<b>Total Capital Assets, Net</b>	<b>\$ 12,003,534</b>	<b>\$ (439,602)</b>	<b>\$ (588)</b>	<b>\$ 11,563,344</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, 2017 and 2016:

	Balance - October 1, 2016	Additions	Reductions	Balance - September 30, 2017	Amount Due Within One Year
Compensated absences	\$ 15,084	\$ 31,631	\$ (21,827)	\$ 24,888	\$ 24,888

	Balance - October 1, 2015	Additions	Reductions	Balance - September 30, 2016	Amount Due Within One Year
Compensated absences	\$ 23,295	\$ 29,181	\$ (37,392)	\$ 15,084	\$ 15,084

### 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 \$200,000 for the years ended September 30, 2017 and 2016. 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, 2017 and 2016, accounts payable includes \$163,172 and \$79,816, 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.