BREC

Financial Report
2020

Postlethwaite & Netterville

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2020

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

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RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

Recreation and Park Commission
for the Parish of East Baton Rouge
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) as of and for the year ended December 31, 2020, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 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 Commission'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 Commission'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Recreation and Park Commission for the Parish of East Baton Rouge as of December 31, 2020, the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of Changes in the Total Other Post-Employment Benefit Plan Liability and Related Ratios, the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Employer Contributions to Cost-Sharing Defined Benefit Plans presented on pages 3 through 9, pages 49 through 50, page 51, page 52 and page 53 respectively, 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, who 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.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying Schedule of Compensation Paid to the Head of Commission on page 54 is presented in order to comply with LA R.S. 24:513 and for the purpose of additional analysis and is not a required part of the basic financial statements. The General Fund Combining Schedules on pages 55 and 56 are also presented for the purpose of additional analysis and are also not a required part of the basic financial statements.

The Schedule of Compensation Paid to Head of Commission and the General Fund Combining Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 29, 2021

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION – PART I

MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2020

As financial management of the Recreation and Park Commission for the Parish of East Baton Rouge (BREC or the Commission) we offer readers of these financial statements an overview and analysis of BREC's financial activities. This narrative is designed to assist readers in focusing on significant financial issues, identify changes in financial position, identify material deviations from approved budget documents (if any) and identify individual fund issues or concerns. Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts.

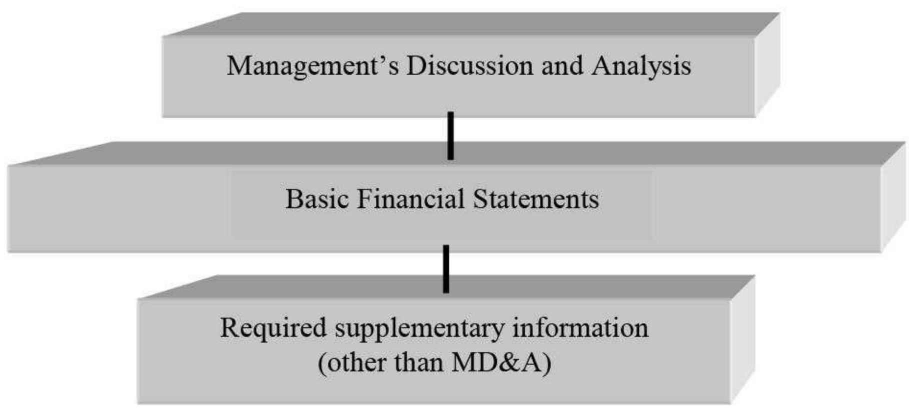
FINANCIAL HIGHLIGHTS

★ Assets and deferred outflows of the Recreation and Park Commission exceeded its liabilities and deferred inflows on December 31, 2020 by $180,575,161 (net position). Most of this amount is comprised of the Commission's investment in capital assets ($156,475,320) and amounts restricted to capital projects or debt service requirements ($25,967,357).

★ As of December 31, 2020, the governmental funds reported combined ending fund balances of $114,724,912, an increase of $2,785,269 in comparison with the prior year ending fund balance. As a result of the COVID-19 pandemic and related stay-at-home orders, recreation fee income declined. However, the impacts were mitigated by increases in ad valorem tax collections as well as cost saving measures. Approximately 15% of the fund balance, $16,629,835, is unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of three sections – Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Government-wide financial statements. The *government-wide financial statements* are designed to be similar to private sector business in that all governmental and business-type activities are consolidated into separate columns which add to a total for the primary government. The governmental activities' statements combine the Governmental Funds' current financial resources with capital assets and long-term obligations. Donated infrastructure is included. The Commission has no business type activities and therefore no business-type activity statements are presented. Additionally, there are no component units presented to which the Commission may be obligated to provide financial assistance; and therefore no component units are represented in these statements.

The *statement of net position* presents information on all of the Commission's assets, deferred outflows, liabilities and deferred inflows, with the difference between them reported as *net position*. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *statement of activities* presents information showing how the Commission's net position has changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave). The focus of the *statement of activities* is on both the gross and net cost of various activities which are provided for by the Commission's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of cost of various Commission services and/or subsidies to various activities.

Governmental activities reflect those recreation programs provided by the Commission to the public that are generally supported through tax dollars, grants, and charges for services such as golf, tennis, sports leagues, recreation centers, classes, etc.; and maintenance of park facilities. Also included in governmental activities are the programs and maintenance of special facilities such as the Baton Rouge Zoo, Magnolia Mound Plantation House, Bluebonnet Swamp, Liberty Lagoon and others. Since all of the Commission's activities are of the governmental type, there is no presentation of business-type activities in these financial statements.

Fund financial statements. A *fund* is a grouping of related accounts that are used to maintain control and accountability over the resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statement presentation more familiar.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Governmental Fund presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the budget is developed based on the generally accepted accounting principles (GAAP) basis. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements. The Commission has presented the General Fund, Capital Improvements, Enhancement Construction and the Special Revenue Enhancement Funds as major funds.

Proprietary funds. *Proprietary funds* consist of internal service funds and are an accounting device used to accumulate and allocate costs internally among the Commission's various functions. The Commission uses internal service funds to account for its employee benefits, risk management, print shop, and unemployment insurance. These services benefit the governmental functions of the Commission and they have been included within the governmental activities section in the government-wide financial statements.

Capital assets. General capital assets include land, improvements to land, easements, buildings, vehicles, machinery and equipment, infrastructure, and all other tangible assets that are used in operations that have initial useful lives greater than two years and exceed the government's capitalization threshold. Donated infrastructure assets are capitalized and are included in capital asset balances at fair value at the date of acquisition.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes are a required part of the basic financial statements.

FINANCIAL ANALYSIS OF THE ENTITY

The following table reflects the condensed Statement of Net Position for 2020 and 2019:

Condensed Statements of Net Position
as of December 31, 2020 and 2019

	2020	2019
Assets		
Current and other assets	$ 128,079,313	$ 125,113,672
Capital assets	176,762,760	174,234,627
Total assets	304,842,073	299,348,299
Deferred outflows	26,847,116	33,106,366
Liabilities		
Current liabilities	6,061,417	7,214,954
Non-current liabilities		
Due within one year	6,283,222	6,549,036
Due in more than one year	127,055,022	138,391,866
Total liabilities	139,399,661	152,155,856
Deferred inflows	11,714,367	1,576,253
Net position		
Net investment in capital assets	156,475,320	150,097,566
Restricted	25,967,357	24,042,239
Unrestricted	(1,867,516)	4,582,481
Total net position	$ 180,575,161	$ 178,722,286

- Approximately 87% of the Commission's net position as of December 31, 2020 reflects investment in capital assets less any outstanding debt used to acquire those assets (land, buildings, infrastructure, machinery and equipment). The Commission uses these assets to provide services to the public, consequently these assets are not available for future spending. Although the Commission's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- Another 14% of the Commission's net position is subject to external restrictions, primarily those for capital expenditure and bond reserves.
- The remaining portion of net position is unrestricted, and may be used to meet ongoing obligations of the Commission to citizens and creditors.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF DECEMBER 31, 2020

The following table provides a summary of the changes in net position for the years ended 2020 and 2019:

Condensed Statements of Revenues and Expenses

For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenues		
Program revenues		
Charges for services	$ 6,966,135	$ 9,610,273
Capital grants and contributions	698,965	2,127,495
General revenues		
Ad Valorem Tax	66,113,038	65,090,382
State Revenue Sharing	1,600,311	1,544,653
Other General Revenues	1,396,193	7,075,147
	76,774,642	85,447,950
Expenses		
Administration and Planning	22,700,633	21,950,934
Maintenance Department Operations	14,678,429	16,375,696
Recreation Program Operations	21,506,510	22,889,641
Golf Operations	7,550,410	8,182,340
Zoo Operations	6,861,913	7,186,874
Aquatics and Therapeutics	741,589	1,626,799
Interest on long-term debt	732,283	805,631
Intergovernmental	150,000	-
	74,921,767	79,017,915
Change in net position	$ 1,852,875	$ 6,430,035
Net position, beginning of year	178,722,286	172,292,251
Net position, end of year	$ 180,575,161	$ 178,722,286

The Commission's revenues are comprised almost entirely of property taxes and charges for services for use of facilities and activities. Despite a significant increase in property values following the reassessment of properties by the parish tax assessor in 2020, the Commission's ad valorem tax revenue remained relatively flat, a 1.6% increase, as the Commission voted to roll back its millages in July 2020 to 13.702 mills, less than the voted approved 14.463. The charges for services experienced a 27.5% decrease. Some of the drivers of this reduction include reduced revenue generated from summer camps, sports activities, and fewer related activities. Charges for services revenue is heavily dependent upon the weather conditions during any one year as a number of facilities are outdoors. In addition, the 2020 revenue was affected by the closure or reduced capacity of facilities as a result of the COVID-19 pandemic resulting in government-mandated stay-at-home orders. Other general revenues decreased. In 2019 the Commission received significant proceeds as a result of the sale of property. Similar activities did not recur in 2020.

The Commission's expenses, overall, decreased approximately $4,000,000, or 5.2% between 2020 and 2019 largely because of lower operational costs. These costs declined as a result of fewer activities, camps, events, etc. as a result of the stay-at-home mandates related to the COVID-19 pandemic. The General Fund (where most operations are accounted for) experienced a decrease in expenditures of approximately $2,200,000, or 4%, also as a result of lower recreation program operational costs stemming from the pandemic.

FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the primary operating fund of the Commission. At the end of the current fiscal year, unassigned fund balance of the general fund was $16,629,835, while total fund balance of the general fund was $70,717,154. Compared with total general fund balance of $69,657,864 (as restated) at the end of 2019, fund balance increased $1,059,290 during 2020. The fund balance increase is a result of cost saving measures in order to offset lower revenues during the year. This fund balance can be used to support operations in accordance with restrictions, commitments, or assignments placed thereon.

The Commission's other governmental funds, consisting of the Debt Service Fund, the Capital Improvements Fund, the Enhancement Construction Fund and the Special Revenue Enhancement Fund collectively contain $44,007,758 of fund balance which is either restricted, committed or assigned for various purposes including debt payments and capital improvements, or assigned for certain uses as determined by management. The Commission also maintains an Enhancement Operating Fund that accounts for the portion of a certain millage that is earmarked for operating supplements under the Imagine Your Parks Strategic Master Plan that is combined with the General Fund for presentation in accordance with GASB 54. Combining General Fund financial statements on pages 55 and 56 show the components of the General Fund.

The Louisiana Local Government Budget Act (the Act) requires that the Commission adopt annual budgets for its general and special revenue funds and to adopt budget amendments whenever revenue collections and other sources fail to meet budgeted projections by more than 5%; or when actual expenditures and other uses exceed budgeted expenditures and other uses by more than 5%; or when actual beginning fund balance fails to meet estimated beginning fund balance by more than 5% if fund balance is being used to fund current year expenditures. As indicated in the required supplemental information showing the budgeted revenues, expenditures, and other financing sources and uses for the General and Special Revenue Enhancement Funds on pages 49 and 50, no budget amendments were adopted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Commission's capital assets as of December 31, 2020 total $176,762,760 (net of accumulated depreciation). Capital assets include land, buildings and improvements, construction in progress, and moveable property consisting of furniture, machinery and equipment. Accumulated depreciation represents approximately 49% of the original cost of all capital assets, and approximately 57% of depreciable capital assets. Capital asset additions in 2020 were $15,425,982 (excluding reclassification of construction-in-progress), or approximately 9% of the net book value of all capital assets.

Capital Assets at December 31
(Net of Depreciation)

	2020	2019
Land	$ 29,924,067	$ 29,838,234
Construction in progress	18,220,900	10,218,331
Moveable Property and Equipment	5,685,994	5,828,861
Immoveable Property	122,931,799	128,349,201
Totals	$ 176,762,760	$ 174,234,627

The Commission maintains two funds for capital improvement projects. The first is the Capital Improvements Fund, which accounts for the proceeds of 50% of a property tax of 4.10 mills dedicated to capital improvements and which the Commission has traditionally used for its on-going Capital Improvement Program. This fund provides for capital improvements on a pay-as-you-go basis. Total expenditures in 2020 of the Capital Improvements Fund were $8,563,416. The second fund is the Enhancement Construction Fund, which accounts for a portion of the proceeds of a property tax of 3.253 mills that was approved by the citizenry for funding the operation, maintenance, construction of the park system in accordance with the Strategic Master Plan. Total expenditures in 2020 of the Enhancement Construction Fund were $5,653,146. The combined total expenditures of the two capital projects funds were $14,216,562 and $11,776,475 in 2020 and 2019, respectively.

Some of the more significant capital improvements during the 2020 fiscal year included construction, renovation and/or design costs for projects at the following locations: Central Sports Park, City-Brooks Park, Greenwood Park and the Baton Rouge Zoo.

Long-term debt

At the end of the calendar year 2020, the Commission had total bonded debt outstanding of $21,140,000, compared to bonded debt outstanding as of December 31, 2019 of $25,110,000. This decrease reflects principal payments on the bonds that were made according to schedule. A capital lease was entered into during fiscal year 2018 for the purchase of mower equipment. The lease balance outstanding at December 31, 2020 was $180,341. Long-term debt also includes the Commission's accrued compensated leave of $3,693,122 and self-insurance claims payable of $1,975,000. Other significant liabilities include the Commission's share of the City-Parish Employees' Retirement System net pension liability of $86,008,224 and the total other post-employment benefits liability of $20,341,557.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

East Baton Rouge Parish has experienced modest economic growth in recent years. The following significant assumptions were made in setting the 2021 budget:

- In July 2021, following indicators that the economy was returning to pre-pandemic levels, the Commission rolled forward its millage back to the voter authorized 14.463 mills, likely resulting in higher ad valorem tax revenue than budgeted for the 2021 year.

- User fees will decline as a result of the continuing effects of the pandemic.

- Operating expenses will increase due to pay adjustments to improve retention and bring salaries in line with a compensation study in 2019.

- Capital expenditures will continue from available pay-as-you-go tax revenue for parks and replacement of aging fleet and equipment. Major capital projects planned for 2021 include Greenwood Park Phase 1 and improvements to the LSU lakes through the cooperative endeavor agreement with LSU and the East Baton Rouge City-parish government.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Commission's finances for those with an interest in the Commission's financial position and operations. Questions concerning information provided in this report or requests for additional information should be addressed to Recreation and Park Commission of East Baton Rouge Finance Department, 6201 Florida Boulevard, Baton Rouge, Louisiana 70806.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE BATON ROUGE, LOUISIANA

STATEMENT OF NET POSITION DECEMBER 31, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 61,269,076
Ad valorem taxes receivable, net	65,135,183
Due from other governments and other	1,187,246
Inventory	487,808
Capital assets - non-depreciable	48,144,967
Capital assets - depreciable, net	128,617,793
TOTAL ASSETS	304,842,073
DEFERRED OUTFLOWS	
Loss on bond refunding	1,032,901
Total other post-employment benefit (OPEB) liability	6,629,298
Net pension liability	19,184,917
TOTAL DEFERRED OUTFLOWS	26,847,116
LIABILITIES	
Accounts payable	3,470,921
Accrued expenses payable	2,590,496
Long-term liabilities:	
Due within one year (bonds, lease, compensated absences, claims)	5,738,222
Due within one year (total other post-employment benefits liability)	545,000
Due in more than one year (bonds, lease, compensated absences, claims)	21,250,241
Total other post-employment benefits liability	19,796,557
Net pension liability	86,008,224
TOTAL LIABILITIES	139,399,661
DEFERRED INFLOWS	
Total other post-employment benefit (OPEB) liability	4,448,991
Net pension liability	7,265,376
TOTAL DEFERRED INFLOWS	11,714,367
NET POSITION	
Net investment in capital assets	156,475,320
Restricted	
Capital projects	21,513,180
Debt service	4,454,177
Unrestricted	(1,867,516)
TOTAL NET POSITION	$ 180,575,161

The accompanying notes are an integral part of this financial statement.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
BATON ROUGE, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Charges for Services	Capital Grants and Contributions	Total Governmental Activities
Governmental activities				
Administration and planning	$ 22,700,633	$ -	$ -	$ (22,700,633)
Maintenance department operations	14,678,429	-	-	(14,678,429)
Recreation program operations	21,506,510	1,423,429	698,965	(19,384,116)
Golf operations	7,550,410	3,851,927	-	(3,698,483)
Zoo operations	6,861,913	1,687,120	-	(5,174,793)
Aquatics and therapeutics	741,589	3,659	-	(737,930)
Interest Expense	732,283	-	-	(732,283)
Intergovernmental	150,000	-	-	(150,000)
	$ 74,921,767	$ 6,966,135	$ 698,965	$ (67,256,667)

General Revenues	
Property taxes	$ 66,113,038
State revenue sharing	1,600,311
Earnings on investments	960,891
Miscellaneous	435,302
Total general revenues	69,109,542
Change in Net Position	1,852,875
Net Position - December 31, 2019	178,722,286
Net Position - December 31, 2020	$ 180,575,161

The accompanying notes are an integral part of this financial statement.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
BATON ROUGE, LOUISIANA

GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2020

	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	NON-MAJOR FUND Debt Service Fund	Total
ASSETS						
Cash and cash equivalents	$ 15,147,175	$ 23,085,618	$ 18,175,168	$ 186,776	$ 100,262	$ 56,694,999
Ad valorem taxes receivable, net	41,262,108	9,222,175	-	14,650,900	-	65,135,183
Due from governments and other	983,776	203,470	-	-	-	1,187,246
Inventory	487,808	-	-	-	-	487,808
Due from other funds	19,487,690	119,407	4,237,943	2,090,650	4,428,961	30,364,651
TOTAL ASSETS	77,368,557	32,630,670	22,413,111	16,928,326	4,529,223	153,869,887
DEFERRED OUTFLOWS	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 77,368,557	$ 32,630,670	$ 22,413,111	$ 16,928,326	$ 4,529,223	$ 153,869,887
LIABILITIES						
Accounts payable	2,035,377	487,832	460,404	412,833	-	3,396,446
Accrued expenses payable	1,519,255	714,938	150,042	-	-	2,384,235
Due to other funds	769,083	9,402,112	3,837,310	15,845,504	-	29,854,009
TOTAL LIABILITIES	4,323,715	10,604,882	4,447,756	16,258,337	-	35,634,690
DEFERRED INFLOWS	2,327,688	512,608	-	669,989	-	3,510,285
FUND BALANCE						
Nonspendable	487,808	-	-	-	-	487,808
Restricted	-	21,513,180	-	-	4,529,223	26,042,403
Committed	1,342,965	-	-	-	-	1,342,965
Assigned	52,256,546	-	17,965,355	-	-	70,221,901
Unassigned	16,629,835	-	-	-	-	16,629,835
TOTAL FUND BALANCE	70,717,154	21,513,180	17,965,355	-	4,529,223	114,724,912
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	$ 77,368,557	$ 32,630,670	$ 22,413,111	$ 16,928,326	$ 4,529,223	$ 153,869,887

The accompanying notes are an integral part of this financial statement.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
BATON ROUGE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Total Fund Balances at December 31, 2020 - Governmental Funds		$ 114,724,912
Cost of capital assets at December 31, 2020	$ 348,433,331	
Less: Accumulated Depreciation as of December 31, 2020	171,670,571	176,762,760
Deferred inflows at December 31, 2020 (property tax and revenue sharing not available)		3,510,285
Deferred inflows at December 31, 2020 (net pension liability)		(7,265,376)
Deferred outflows at December 31, 2020 (loss on bond refunding)		1,032,901
Deferred outflows at December 31, 2020 (net pension liability)		19,184,917
Deferred inflows at December 31, 2020 (total OPEB liability)		(4,448,991)
Deferred outflows at December 31, 2020 (total OPEB liability)		6,629,298
Consolidation of internal service funds		1,882,745
Accrued interest on bonds payable		(75,046)
Long-term liabilities at December 31, 2020:		
Bonds payable	$ (21,140,000)	
Compensated absences payable	(3,693,122)	
Lease debt	(180,341)	
Net Pension Liability	(86,008,224)	
Total other post-employment benefit obligation	(20,341,557)	(131,363,244)
Total net position at December 31, 2020 - Governmental Activities		$ 180,575,161

The accompanying notes are an integral part of this statement.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
BATON ROUGE, LOUISIANA

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

					NON-MAJOR FUND	
	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	Debt Service Fund	Total
REVENUES						
Local sources:						
Ad valorem taxes	$ 41,921,178	$ 9,382,047	$ -	$ 14,911,508	$ -	$ 66,214,733
Recreation activity fees	6,966,135	-	-	-	-	6,966,135
Earnings on investments	479,477	215,707	133,936	94,728	14,809	938,657
Donations and miscellaneous	96,022	196,924	275	-	-	293,221
Intergovernmental revenues:						
Revenue sharing	1,285,200	299,609	-	-	-	1,584,809
Restricted grants-in-aid	38,237	366,195	127,350	-	-	531,782
TOTAL REVENUES	50,786,249	10,460,482	261,561	15,006,236	14,809	76,529,337
EXPENDITURES						
Current:						
Administrative and planning	14,702,569	260,165	-	412,833	850	15,376,417
Maintenance department operations	11,348,714	-	-	-	-	11,348,714
Recreation program operations	10,947,260	-	-	-	-	10,947,260
Golf operations	5,655,386	-	-	-	-	5,655,386
Zoo operations	5,554,436	-	-	-	-	5,554,436
Aquatics and therapeutics	485,067	-	-	-	-	485,067
COVID-19 relief operations	338,747	-	-	-	-	338,747
Debt service						
Principal	113,485	-	-	-	3,970,000	4,083,485
Interest	13,030	-	-	-	492,563	505,593
Intergovernmental	150,000	-	-	-	-	150,000
Capital outlay	2,934,062	8,303,251	5,653,146	-	-	16,890,459
TOTAL EXPENDITURES	52,242,756	8,563,416	5,653,146	412,833	4,463,413	71,335,564
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,456,507)	1,897,066	(5,391,585)	14,593,403	(4,448,604)	5,193,773

(continued)

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
BATON ROUGE, LOUISIANA

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

					NON-MAJOR FUND	
	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	Debt Service Fund	Total
OTHER FINANCING SOURCES (USES)						
Transfers out	(2,408,504)	-	-	(14,593,403)	-	(17,001,907)
Transfers in	4,924,301	-	5,206,539	-	4,462,563	14,593,403
TOTAL OTHER FINANCING SOURCES (USES)	2,515,797	-	5,206,539	(14,593,403)	4,462,563	(2,408,504)
CHANGES IN FUND BALANCE	1,059,290	1,897,066	(185,046)	-	13,959	2,785,269
Fund Balance, December 31, 2019, as restated	69,657,864	19,616,114	18,150,401	-	4,515,264	111,939,643
Fund Balance, December 31, 2020	$ 70,717,154	$ 21,513,180	$ 17,965,355	$ -	$ 4,529,223	$ 114,724,912

The accompanying notes are an integral part of this financial statement. (concluded)

**RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
BATON ROUGE, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds		$ 2,785,269
Capital Assets:		
Capital outlay and other expenditures capitalized	$ 15,425,982	
Net effect of sales and disposals of capital assets	(71,747)	
Depreciation expense for year ended December 31, 2020	(12,826,102)	2,528,133
Change in deferred inflows and outflows - property tax and revenue sharing		(86,192)
Change in net position of internal service fund		1,203,008
Long Term Debt:		
Principal portion of debt service payments and redemptions	$ 3,970,000	
Change in net pension liability and related deferrals	(7,369,863)	
Change in post-employment benefit obligation	(639,767)	
Deferred loss amortization	(233,864)	
Payment on lease debt	113,485	
Change in accrued interest on long-term debt	14,093	
Change in compensated absences payable	(431,427)	(4,577,343)
Change in Net Position - Governmental Activities		$ 1,852,875

The accompanying notes are an integral part of this statement.

**RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
BATON ROUGE, LOUISIANA**

**PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Employee Benefit Fund	Risk Management Fund	Unemployment Insurance Fund	Print Shop Fund	Total Internal Service Funds
ASSETS					
Current:					
Cash and cash equivalents	$ 2,620,247	$ 1,352,770	$ 397,932	$ 203,128	$ 4,574,077
Due from other funds	310,795	156,235	-	3,374	470,404
TOTAL ASSETS	$ 2,931,042	$ 1,509,005	$ 397,932	$ 206,502	$ 5,044,481
LIABILITIES					
Liabilities:					
Current:					
Accounts payable	26,849	36,665	-	10,961	74,475
Due to other funds	694,142	-	-	286,904	981,046
Accrued expenses	128,624	-	-	2,591	131,215
Claims payable	350,000	205,000	-	-	555,000
	1,199,615	241,665	-	300,456	1,741,736
Long-term:					
Claims payable	-	1,420,000	-	-	1,420,000
TOTAL LIABILITIES	1,199,615	1,661,665	-	300,456	3,161,736
NET POSITION					
Restricted	-	100,000	-	-	100,000
Unrestricted	1,731,427	(252,660)	397,932	(93,954)	1,782,745
	1,731,427	(152,660)	397,932	(93,954)	1,882,745
TOTAL LIABILITIES AND NET POSITION	$ 2,931,042	$ 1,509,005	$ 397,932	$ 206,502	$ 5,044,481

The accompanying notes are an integral part of this financial statement.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
BATON ROUGE, LOUISIANA

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
DECEMBER 31, 2020

	Employee Benefit Fund	Risk Management Fund	Unemployment Insurance Fund	Print Shop Fund	Total Internal Service Funds
OPERATING REVENUES					
Premiums received	$ 5,362,134	$ 40,221	$ -	$ -	$ 5,402,355
Printshop charges	-	-	-	129,034	129,034
TOTAL OPERATING REVENUE	5,362,134	40,221	-	129,034	5,531,389
OPERATING EXPENSES					
Claims expense	4,199,877	760,912	-	-	4,960,789
Insurance premiums	-	689,639	-	-	689,639
Administrative fees	763,972	108,451	-	236,268	1,108,691
TOTAL OPERATING EXPENSES	4,963,849	1,559,002	-	236,268	6,759,119
NET OPERATING INCOME (LOSS)	398,285	(1,518,781)	-	(107,234)	(1,227,730)
NON-OPERATING REVENUES					
Interest income	13,666	5,415	2,658	495	22,234
Transfers in	-	2,163,225	-	245,279	2,408,504
CHANGE IN NET POSITION	411,951	649,859	2,658	138,540	1,203,008
NET POSITION at DECEMBER 31, 2019, as restated	1,319,476	(802,519)	395,274	(232,494)	679,737
NET POSITION at DECEMBER 31, 2020	$ 1,731,427	$ (152,660)	$ 397,932	$ (93,954)	$ 1,882,745

The accompanying notes are an integral part of this financial statement.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
BATON ROUGE, LOUISIANA

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
DECEMBER 31, 2020

	Employee Benefit Fund	Risk Management Fund	Unemployment Insurance Fund	Print Shop Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash premiums received	$ 5,362,134	$ 40,221	$ -	$ -	$ 5,402,355
Printshop charges received	-	-	-	129,034	129,034
Cash paid in claims and premiums	(4,149,877)	(1,297,551)	-	-	(5,447,428)
Cash paid for expenses	(752,489)	(87,580)	-	(222,716)	(1,062,785)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	459,768	(1,344,910)	-	(93,682)	(978,824)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund transfers and advances	741,125	2,172,145	-	528,809	3,442,079
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	741,125	2,172,145	-	528,809	3,442,079
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Income	13,666	5,415	2,658	495	22,234
NET CASH PROVIDED BY INVESTING ACTIVITIES	13,666	5,415	2,658	495	22,234
NET CHANGE IN CASH	1,214,559	832,650	2,658	435,622	2,485,489
CASH AT BEGINNING OF YEAR	1,405,688	520,120	395,274	(232,494)	2,088,588
CASH AT END OF YEAR	$ 2,620,247	$ 1,352,770	$ 397,932	$ 203,128	$ 4,574,077
Reconciliation of change in net position to net cash provided by (used in) operating activities					
Net operating income (loss)	$ 398,285	$ (1,518,781)	$ -	$ (107,234)	$ (1,227,730)
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:					
Changes in:					
Accounts payable	(117,141)	20,871	-	10,961	(85,309)
Accrued expenses	128,624	-	-	2,591	131,215
Claims payable	50,000	153,000	-	-	203,000
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 459,768	$ (1,344,910)	$ -	$ (93,682)	$ (978,824)

The accompanying notes are an integral part of this financial statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting.

A. REPORTING ENTITY

The Recreation and Park Commission for the Parish of East Baton Rouge is a body corporate created by Act 246 of the 1946 Session of the Legislature and reorganized by Act 95 of the 1985 Legislature. The Commission has the power to sue and be sued, and to purchase and operate parks and recreation facilities not inconsistent with the laws of the State of Louisiana or the ordinances of the governing authority of East Baton Rouge Parish. The Commission is composed of nine members who serve without compensation.

GASB Codification Section 2100, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Commission is considered a *primary government*, since it is a special purpose government that is legally separate and is fiscally independent of other state or local governments. As used in GASB Codification Section 2100 fiscally independent means that the Commission may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Commission has no *component units*, as defined by the GASB or other legally separate organizations for which the Commission members are financially accountable. With the exception of the City-Parish Government of East Baton Rouge which is considered to be a related entity as defined by the GASB, there are no other primary governments with which the Commission has a significant relationship.

B. BASIS OF PRESENTATION AND ACCOUNTING

The Commission's basic financial statements consist of the government-wide statements, the fund financial statements, and the related notes to the basic financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards.* Both the government-wide financial statements and the proprietary fund financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained In Pre-November 30, 1989 FASB and AICPA Pronouncements.*

Government-Wide Financial Statements (GWFS)

The Government-Wide Financial Statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of the related cash flows. Property taxes are recognized when a legally enforceable claim arises. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Government-Wide Financial Statements (GWFS) (continued)

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated by function for financial reporting in this Statement. Program revenues include 1) charges to customers who purchase or use goods and services provided by a given function or segment, and 2) grants that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues. This includes internally dedicated resources such as restricted property taxes.

Fund Financial Statements (FFS)

The accounts of the Commission are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Funds are maintained consistent with legal and managerial requirements.

Funds of the Commission can be classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types.

Governmental Funds are used to account for the Commission's primary activities, including the collection and disbursement of specific or legally restricted monies, operations, the acquisition or construction of capital assets, and the servicing of long-term debt. The Commission reports the following major governmental funds:

General Fund is the primary operating fund of the Commission. It accounts for all financial resources of the Commission, except those required to be accounted for in another fund.

Capital Improvements Fund is used to account for property taxes that are dedicated to the acquisition, construction, or improvement of major capital facilities.

Enhancement Construction Fund is used to account for capital improvements and facility enhancements pursuant to the Imagine Your Parks Strategic Master Plan.

Special Revenue Enhancement Fund is used to account for and distribute the proceeds of a 3.253 mill tax to be used in accordance with the Imagine Your Parks Strategic Master Plan.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Fund Financial Statements (FFS) (continued)

Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 6 months after year-end, or within 60 days after year-end for property taxes and state revenue sharing. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in current net assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recognized when a legally enforceable claim arises (generally when levied) and the resources are available.

Entitlements and shared revenues are recorded as unrestricted grants-in-aid upon meeting the eligibility requirements and becoming measurable and available.

User fee revenues are generally point-of-sale transactions and become measurable and available upon patron use of the facility or service. Revenue is recognized by the Commission at that time.

Expenditures

Salaries and benefits are recorded as earned, except for compensated absences and retirement benefits which are recognized when paid.

Vendor payments are recorded as the obligation is incurred.

Proprietary funds are used to account for activities whose costs are intended to be covered through service charges or transaction related fees. Two types of proprietary funds are utilized under GASB: Enterprise funds and Internal Service funds. The Commission has no Enterprise funds, but employs four separate Internal Service funds. As proprietary funds, the Internal Service funds utilize the accrual basis of accounting similar to that used in the private sector. Revenues are recognized when earned and measurable and expenses are recognized when incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Fund Financial Statements (FFS) (continued)

Internal Service funds are used by the Commission to account for: (1) providing of medical and life insurance benefits to employees and retirees, (2) costs associated with workers' compensation, general liability, and vehicle liability claims, (3) costs associated with unemployment claims, and (4) wages and equipment costs associated with the Commission's print shop. The Internal Service funds are presented in the proprietary fund financial statements. Since the principal users of the Internal Service funds are the Commission's governmental activities, financial statements of internal service funds are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and claim and premium expenses generally result from providing services and producing and delivering goods or services in connection with a proprietary fund's principal ongoing operations which, for the Commission are risk management. Operating expenses for internal service funds include the cost of sales to other funds and departments, services and claims, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. CASH AND INVESTMENTS

Cash and cash equivalents can include demand deposit account balances, certificates of deposit and U.S. government securities with maturities of 90 days or less from the date purchased. As of December 31, 2020, cash and cash equivalents consist solely of demand and term deposits.

Investments, when purchased and held, are reported at fair market value. Securities are valued at the last reported sales price prior to year end. Unrealized gains and losses on investments are recorded at fair value and are included in investment income.

D. ELIMINATION AND RECLASSIFICATIONS

In the process of consolidating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

E. INVENTORY

Merchandise inventories (items held for resale) and supply inventories are valued at the lower of cost or market, using a moving weighted average. Inventory items are recorded as expenditures when consumed or sold rather than when purchased. Inventory balances at year end are equally offset as non-spendable fund balance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. CAPITAL ASSETS

All capital assets are capitalized at historical cost, or estimated historical costs for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Effective January 1, 2019, the Commission maintains a $2,500 threshold level for capitalizing movable assets and $100,000 for immovable assets. Prior to 2019, the capitalization threshold was $1,000 for both movable and immovable assets. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized.

Capital assets are recorded in the GWFS, but are not reported in the Governmental FFS. All depreciable capital assets are depreciated using the straight-line method over their estimated lives. Useful lives are approximately 5 to 20 years for equipment, buildings and improvements. Infrastructure assets acquired prior to 1982 were recorded at estimated values in 1982.

In accordance with customary practice among zoological organizations, animal and horticultural collections are not generally recorded at any value, as there is no objective basis for establishing value. Additionally, animal and horticultural collections have numerous attributes, including species, age, sex, relationship and value to other animals, endangered status, and breeding potential, whereby it is impracticable to assign value. Expenditures related to animal and horticultural acquisitions are expensed in the period of acquisition. In an ongoing commitment to enhance the worldwide reproduction and preservation of animals, the Commission shares animals with other organizations. Consistent with industry practice, the Commission does not record any asset or liability for such sharing arrangements, as generally these arrangements are without monetary consideration.

G. COMPENSATED ABSENCES

All employees earn vacation leave at various rates from 100 hours per 2,080 paid hours per year (.0481 per paid hour) to 192 hours per 2,080 paid hours per year (.0923 per paid hour) depending upon length of service. A maximum of 120 days (960 hours) may be carried over from one year to the next. Upon resignation, retirement, or death, a maximum amount equal to 120 days (960 hours) of earned vacation leave is paid to the employee (or heirs) at the employee's current rate of pay.

Employees earn sick leave at various rates from 120 hours per 2,080 paid hours per year (.0577 per paid hour) to 192 hours per 2,080 paid hours per year (.0923 per paid hour) depending on length of service. Sick leave may be accumulated without limit. Accumulated sick leave is not paid to an employee leaving service prior to retirement. A full-time employee (or heirs) may be paid for a maximum of 120 days (960 hours) of sick leave (or a combination of sick and vacation leave not to exceed 120 days) upon the employee's retirement (or death, if retirement eligible). Part-time employees are not eligible for paid sick leave.

Commission employees of certain job classifications may accrue compensatory (comp) time in lieu of overtime pay up to a maximum of 160 hours (40 hours for comp executive time). Comp time is paid by the Commission upon termination, resignation, retirement or death, up to the maximum balance of 160 hours (40 hours for comp executive time).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. COMPENSATED ABSENCES (continued)

The cost of leave privileges is recognized as a current-year payroll expenditure in the General Fund when leave is actually taken, or when employees (or their heirs) are paid for accrued unused leave. In the government-wide financial statements the total compensated absences liability is recorded as a long-term obligation and the change therein is recorded as an increase or reduction to expenses.

The Commission's recognition and measurement criteria for compensated absences follows:

GASB Codification C20 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

a. The employees' rights to receive compensation are attributable to services already rendered.
b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Codification 60 provides that a liability for sick leave should be accrued using one of the following termination approaches:

a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals. The Commission uses this approach.

b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

H. NET POSITION

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments.

When expenses are incurred for purposes for what both restricted and unrestricted amounts are available, the Commission uses restricted amounts first, followed by unrestricted amounts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. FUND EQUITY OF FUND FINANCIAL STATEMENTS

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below in accordance with Governmental Accounting Standards.

Nonspendable – represents balances that are not expected to be converted to cash in the short-term.

Restricted – represent balances where constraints have been established by parties outside of the Commission or by enabling legislation.

Committed – represent balances where constraints have been established by formal action of the Commission. A simple majority vote in a public meeting is required to establish, modify, or rescind a fund balance commitment.

Assigned – represent balances where informal constraints have been established by the Commission or delegate thereof, but are not restricted nor committed.

Unassigned – represent balances for which there are no constraints.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, the Commission reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the Commission reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

J. INTERFUND ACTIVITY

Interfund activity is reported as loans, reimbursements, or transfers. Advances between funds that are intended to be repaid are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation (Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement). All other interfund transactions are treated as transfers. Transfers are movements of monies between funds that will not be repaid. All transfers are netted as part of the reconciliation to the government-wide financial statements.

K. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. BUDGET PRACTICES

Annually the Commission adopts operating budgets for all governmental funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The proposed budget is prepared using the modified accrual basis of accounting. It is made available for public inspection at the Superintendent's office. The budget is introduced to the Commission at its meeting in November of each year. It is adopted by the Commission at the December meeting after a public hearing. Amendments are recommended to the Commission as needed, and approved at public meetings.

All appropriations lapse at year end. Formal budget integration is employed as a management control device during the year for the governmental funds. The Board of Commissioners reserves all authority to change the budgets.

M. ENCUMBRANCES

Encumbrances represent purchase orders, contracts, or other commitments; and are recorded in budgetary funds to reserve portions of applicable appropriations. The Commission uses an encumbrance accounting system for reporting purchase orders placed late in the year for which goods were not received by December 31st. At year end, outstanding purchase orders are established as an assignment of fund balance for reporting purposes only, since they do not constitute expenditures or liabilities.

N. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the government-wide statement of net position, but not in the governmental funds.

In the government-wide statement of net position, long-term debt and other long-term obligations including the total other post-employment benefit obligation, compensated absences and the net pension liability, are reported as liabilities. Bond premiums, discounts, insurance costs, and gains (losses) on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of bond issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current financial period. The face amount of the debt issue is reported as "other financing sources." Premiums received on debt issuances are reported as "other financing sources" and discounts on debt are reported as "other financing uses."

O. PENSION PLANS

The Commission is a participating employer in a defined benefit pension plan (plan) as described in Note 5. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by each of the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within each plan.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The Statement of Financial Position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The deferred outflows of resources on the Statement of Net Position are a result of deferrals concerning bonded debt, pensions and other post-employment benefits. The deferred inflows of resources are also a result of deferrals related to pensions and other post-employment benefits, but also include amounts for property taxes recognized as receivable but unavailable for current year operations.

2. PROPERTY TAXES

The 1974 Louisiana Constitution (Article 7, Section 8) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47: 1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

The 2020 property tax calendar was as follows:

Millage rates adopted	May 30, 2020
Levy date	May 30, 2020
Tax bills mailed	November 22, 2020
Due date	December 31, 2020

State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is required by the *Constitution of the State of Louisiana* to sell the least quantity of property necessary to settle the taxes and interest owed.

Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the entire tax roll less an estimate for uncollectible taxes is recorded as taxes receivable in the current calendar year. Uncollectible taxes are those taxes which based on past experience will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll.

At the governmental fund level, property taxes that are measurable and available (receivable within the current period and collected within the current period or within 60 days thereafter to be used to pay liabilities of the current period) are recognized as revenue in the year of levy. Property taxes that are measurable, but not available, are recorded, net of estimated uncollectible amounts, as deferred inflows in the year of levy. Such deferred inflows are recognized as revenue in the fiscal year in which they become available.

2. PROPERTY TAXES (continued)

At the entity-wide level property taxes are recognized in the year of the levy net of uncollectible amounts.

The authorized and levied millage consisted of the following for 2020:

Approved Millage Rate	Levied Millage Rate	Expiration	Authorized Use Per Proposition
4.10	3.88	2024	Capital improvements, operations, maintenance
2.10	1.99	2024	Operations and maintenance
3.96	3.75	2026	Operations and maintenance
3.253	3.082	2024	Capital improvements, operations, maintenance pursuant to the Strategic Master Plan
1.05	1.00	Permanent	Any lawful purpose
14.463	13.702		

Property taxes receivable and estimated uncollectible taxes by fund for governmental funds are as follows:

	Gross Property Taxes Receivable	Estimated Uncollectible Property Taxes	Net Property Taxes Receivable
General Fund	$ 41,678,897	($ 416,789)	$ 41,262,108
Capital Improvements Fund	9,315,329	(93,154)	9,222,175
Special Revenue Enhancement Fund	14,798,889	(147,989)	14,650,900
	$ 65,793,115	($ 657,932)	$ 65,135,183

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers an attractive tax incentive for manufacturers within the state. With approval by the Board of Commerce and local governmental entities, the program provides an 80% ad valorem tax abatement for an initial term of five years and the option to renew for five additional years at 80% ad valorem tax abatement on a manufacturer's qualifying capital investment related to the manufacturing process in the state.

Businesses must be classified as a manufacturer or related to the manufacturing project at the project site in order to receive the benefits of ITEP.

This program is administered by Louisiana Economic Development. More information on this program can be found in the Louisiana Administrative Code Title 13, Part I, Chapter 5.

For the fiscal year ended December 31, 2020, approximately $5,500,000 in ad valorem taxes, depreciated proportionally on an assumed 15-year basis, were abated as a result of this program.

3. CASH AND CASH EQUIVALENTS

At December 31, 2020, the Commission's cash balances consist of deposits in financial institutions and petty cash at various facilities as follows:

	Carrying Amount	Bank Balance
Cash and cash equivalents	$ 61,247,383	$ 61,722,432
Petty cash	21,693	-
	$ 61,269,076	$ 61,722,432

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the Commission's deposits may not be returned. To guard against this risk, under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. The Commission had no custodial credit risk as of December 31, 2020.

Securities that may be pledged as collateral consist of obligations of the U.S. Government and its agencies, obligations of the State of Louisiana and its municipalities and school districts.

The Commission is authorized by LRS 39:1211-1245 and 33:2955 to invest temporarily idle monies in various risk-averse instruments including U.S. Government direct and agency obligations, certificates of deposit of qualified financial institutions, certain debt mutual funds, the Louisiana Asset Management Pool (LAMP) and other investments. The Commission had no investments as of December 31, 2020.

4. CAPITAL ASSETS

Capital asset and depreciation activity as of and for the year ended December 31, 2020 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 29,838,234	$ 85,833	$ -	$ 29,924,067
Construction-in-progress	10,218,331	13,771,874	(5,769,305)	18,220,900
Total capital assets, not depreciated	40,056,565	13,857,707	(5,769,305)	48,144,967
Capital Assets Being Depreciated				
Immovable property	272,837,597	5,769,305	-	278,606,902
Movable property and equipment	20,641,780	1,568,275	(528,593)	21,681,462
Total capital assets being depreciated	293,479,377	7,337,580	(528,593)	300,288,364
Less Accumulated Depreciation For				
Immovable property	144,488,396	11,186,707	-	155,675,103
Movable property and equipment	14,812,919	1,639,395	(456,846)	15,995,468
	159,301,315	12,826,102	(456,846)	171,670,571
Total Capital Assets Being Depreciated (net)	134,178,062	(5,488,522)	(71,747)	128,617,793
Total Captial Assets (net)	$ 174,234,627	$ 8,369,185	$ (5,841,052)	$ 176,762,760

Depreciation expense for 2020 is charged to the following functions in the statement of activities:

Administrative and planning	$ 1,026,088
Maintenance department operations	1,026,088
Recreation, program operations	8,978,272
Golf operations	1,154,349
Zoo operations	384,783
Aquatics operations	256,522
	$ 12,826,102

5. RETIREMENT SYSTEMS

A. DEFINED BENEFIT PLANS

Employees' Retirement System of the City of Baton Rouge, Parish of East Baton Rouge (CPERS)

The Commission is a participating employer in a cost-sharing defined benefit pension plan. This plan is administered by the City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS or the System). The Metropolitan Council of the City of Baton Rouge and Parish of East Baton Rouge maintains the authority to establish and amend plan benefits. The System is administered by a separate board of trustees and is a component unit of the City of Baton Rouge and Parish of East Baton Rouge.

The System issues an annual publicly available financial report that includes the financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

CPERS:
209 Saint Ferdinand St.
Baton Rouge, Louisiana 70802
(225) 389-3272
www.brgov.com/dept/ers

The Commission has implemented Government Accounting Standards Board (GASB) Statement 68 on *Accounting and Financial Reporting for Pensions* and Statement 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68*. These standards require the Commission to record its proportional share of the pension plan's Net Pension Liability and report the following disclosures:

Plan Description

The Retirement System was created by The Plan of Government and is governed by a seven-member Board of Trustees (the Board). The Board is responsible for administering the assets of the Retirement System and for making policy decisions regarding investments. Four of the trustees are elected members of the Retirement System. Two are elected by non-police and non-fire department employees, and one trustee each is elected by the police and fire department employees. The remaining membership of the Board consists of one member appointed by the Mayor-President, and two members appointed by the Metropolitan Council. The Metropolitan Council maintains the authority to establish and amend plan benefits.

Retirement Benefits

The following is a description of the plan and its benefits, and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any person who becomes a regular full-time employee of one of the member employers becomes a member of the Retirement System as a condition of employment, except in the case of newly hired employees of certain participating employers who are mandated to enroll in a statewide retirement system, or those covered under a collective bargaining agreement. Contractual employees may or may not become members, depending upon the provisions of their respective contracts. For 2020 there are 435 active participants.

5. RETIREMENT SYSTEMS (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

A. Normal Retirement

An employee's benefit rights vest after the employee has been a member of the Retirement System for 10 years. Benefit payments are classified into two distinct categories: 1.) full retirement benefits and 2.) minimum eligibility benefits. For members hired before September 1, 2015, the service requirements and benefits granted for each category are:

1. Full retirement benefits:
   a. Granted with 25 years of service, regardless of age.
   b. Defined as 3% of average compensation times the number of years of service.
2. Minimum eligibility benefits:
   a. Granted with 20 years of service regardless of age; or at age 55 with 10 years of service.
   b. Defined as 2.5% of average compensation times the number of years of service.

Average compensation is determined by the highest average compensation in 36 successive months. In the case of interrupted service, the periods immediately before and after the interruption may be joined to produce 36 successive months. In cases of 20 or more and less than 25 years of service, the computed benefit amount is reduced by 3% for each year below age 55. Benefits paid to employees shall not exceed 90% of average compensation.

For members hired after September 1, 2015, the service requirements and benefits granted for each category are:

1. Full retirement benefits:
   a. Granted with 25 years of service,
   b. Defined as 3% of average compensation times the number of years of service.
2. Minimum eligibility benefits:
   a. Granted with 20 years of service. Defined as 2.5% of average compensation for each year of service, less an actuarially computed age penalty.
   b. Granted with 10 years of service or more. Defined as 2.5% of average compensation for each year of service.
   c. Granted with 10 years. Defined as 2.5% of average compensation for each year of service upon attaining age 55 or 60.

Average compensation is determined by the highest average compensation in 60 successive months. Benefits paid to employees shall not exceed 90% of average compensation.

5. RETIREMENT SYSTEMS (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

B. Deferred Retirement Option Program (DROP)

Deferred retirees (participants in the Deferred Retirement Option Plan (DROP)) are employees who are eligible for retirement, but have chosen to continue employment for a maximum of five years if the member has 25 years of creditable service, or three years if the member has at least 10 but less than 25 years and is age 55 or older. Pension annuities are fixed for these employees and can never be increased, and neither employee nor employer contributions are contributed to the Retirement System on their earnings. DROP deposits for the amount of the participant's monthly benefits are placed in a deferred reserve account until the deferred retirement option period elapses, or until the employee discontinues employment, whichever comes first. These accounts bear interest beginning with the date of the initial deposit for employees who fulfill the provisions of their DROP contract. Failure to fulfill these provisions, specifically to terminate employment at the end of the maximum DROP participation period, results in the enforcement of certain penalty provisions, such as forfeiture of interest and disbursement of the balance of the DROP account to the member or to another qualifying pension plan.

Funding Policy

CPERS plan members contribute a percentage of their annual covered salary, which is stipulated in Part IV, Subpart 2, Sec. 1:264(A) 1 (b) of the City-Parish Code of Ordinances. Participating employers are required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at rates annually determined by the CPERS's actuary. The Metropolitan Council of the City of Baton Rouge and Parish of East Baton Rouge has authority to determine employee contributions to CPERS.

Contributions to the plan are required and determined by the East Baton Rouge Metropolitan Council and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended December 31, 2020, for the Commission and covered employees were as follows:

Commission	Employees
37.20%	9.50%

The contributions made to the System for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

December 31,		
2020	2019	2018
$ 7,345,529	$ 6,170,459	$ 6,083,889

5. RETIREMENT SYSTEMS (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The following schedule lists the Commission's proportionate share of the Net Pension Liability allocated by the pension plan as of the measurement date for the plan of December 31, 2019. The Commission uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2019 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used as of the respective measurement date along with the change compared to the immediately prior measurement date. The Commission's proportion of the Net Pension Liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Measurement Date	Net Pension Liability at Measurement Date	Proportion at Measurement Date	Increase (Decrease) to Prior Year Proportion
December 31, 2019	$ 86,008,224	13.6670%	0.9157%

The Commission's recognized pension expense for the year ended December 31, 2020 was $14,886,721.

At December 31, 2020, the Commission reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 3,684,926	$ -
Changes in assumptions	2,163,236	(3,286,906)
Net difference between projected and actual earnings on pension plan investments	-	(3,642,289)
Changes in proportion	5,919,648	(50,705)
Differences between allocated and actual contributions	71,578	(285,476)
Employer contributions subsequent to the measurement date	7,345,529	-
	$ 19,184,917	$ (7,265,376)

The Commission reported a total of $7,345,529 as deferred outflow of resources related to pension contributions made subsequent to the measurement which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2021.

5. RETIREMENT SYSTEMS (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Deferral Period	CPERS
2021	$ 2,677,572
2022	2,083,349
2023	1,983,942
2024	(2,170,851)
	$ 4,574,012

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of the measurement period for each plan are as follows:

Valuation Date	December 31, 2019	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Expected Remaining Service Lives	5 years	
Investment Rate of Return	7.00% net of investment expenses	
Inflation Rate	2.25% per annum	
Mortality	RP-2006 Healthy Combined Blue Collar Projected back to 2001, Generational with MP 2018 (2016 base year) RP-2006 Disabled Table Projected back to 2001, Generational with MP 2018 (2016 base year)	
Salary Increases		
< 1 year of service	*Age*	*Increase*
	22	*7.60%*
	27 – 32	*4.90%*
	37 – 62	*3.40%*
	67	*1.50%*
1+ years of service		
	22	*7.60%*
	27	*3.50%*
	32	*3.50%*
	37	*3.25%*
Cost of Living Adjustments	None	

5. **RETIREMENT SYSTEMS** (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

The following describes the method used by the retirement systems in determining the long term rate of return on pension plan investments:

> The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are included in the pension plan's target asset allocation are as follows:

Asset Class	Long-Term Target Asset Allocation	Expected Portfolio Real Rate of Return
Domestic Equity	32.5%	7.50%
International Equity	17.5%	8.50%
Domestic Bonds	25.0%	2.50%
International Bonds	5.0%	3.50%
Real Estate	15.0%	4.50%
Alternative Assets	5.0%	5.70%
Total	100.0%	

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to provide future benefit payments projected for 50 years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for CPERS was 7.00% for the measurement date of December 31, 2019.

5. RETIREMENT SYSTEMS (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Commission's proportionate share of the Net Pension Liability (NPL) using the discount rate of the Retirement System as well as what the Commission's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the retirement system:

	1.0% Decrease	Current Discount Rate	1.0% Increase
Rates	6.00%	7.00%	8.00%
Commission's Share of NPL	$ 108,595,580	$ 86,008,224	$ 67,081,033

Payables to the Pension Plan

The Commission recorded accrued liabilities to CPERS for the year ended December 31, 2020 mainly due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as due to others. The balance due to the retirement system at December 31, 2020 is $319,820.

Carpenters' Union and Electrical Workers' Union

Certain employees are members of union benefit plans, which include defined benefit pension plans, as required by the terms of the collective bargaining agreements. For the Carpenters' Union plan and the Electrical Union Members' plans, the plan members are required to contribute 5% and 3.6%, respectively, of their annual covered payroll while the Commission contributes at a rate of 18.5% for both plans. Contributions to the plans were as follows for the past two years:

2020	$120,030
2019	$114,430

Information regarding these plans can be obtained from their respective administrative centers.

- United Brotherhood of Carpenter and Joiners
  6755 Airline Highway
  Baton Rouge, LA 70805
- National Electrical Contractors Association
  13454 Jefferson Highway
  Baton Rouge, LA 70817

5. RETIREMENT SYSTEMS (continued)

B. DEFERRED COMPENSATION PLAN

The purpose of the deferred compensation plan is to provide retirement benefits to the participants while affording the maximum portability of these benefits to the participants.

The deferred compensation plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the deferred compensation plan and purchase retirement benefits through contracts provided by designated companies.

Total contributions by the Commission are 4% of the covered payroll. The participant's contribution (4%), less any monthly fee required to cover the cost of administration and maintenance of the deferred compensation plan, is remitted to the designated company or companies. Benefits payable to participants are not the obligations of the Commission. Such benefits and other rights of the deferred compensation plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the deferred compensation plan each were approximately $149,000 for the year ended December 31, 2020.

6. OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description – The Commission provides certain continuing health care and life insurance benefits for its retired employees. The Commission' Other Post-Employment Benefit Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Commission. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Commission. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75.

Benefits Provided – Medical benefits to retirees are provided through a self-insured program. All employees are covered CPERS. The retirement eligibility (D.R.O.P. entry) provision in order to obtain full the retirement benefit formula is 25 years of service at any age. There is a graded formula based on service at retirement to determine the percentage of the total medical premium paid by the employer: 73% for 25 or more years of service; 55% for 20 to 24 years of service; and, 37% for 15 to 19 years of service. Because of these two interacting provisions, we have assumed that D.R.O.P. entry would occur at the earliest of the following: 25 years of service; age 55 and 20 years of service; and, age 60 and 10 years of service.

Employees covered by benefit terms – At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	67
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	415
	482

6. OTHER POST-EMPLOYMENT BENEFITS (continued)

Total OPEB Liability

The Commission's total OPEB liability of $20,341,557 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2020.

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	2.74% annually (Beginning of Year to Determine ADC)
	2.12%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually for ten years. 4.5% thereafter
Mortality	SOA RP-2014 Table

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2020, the end of the applicable measurement period.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2020.

Changes in the Total OPEB Liability

Balance at December 31, 2019	$	20,981,324
Changes for the year:		
Service cost		486,477
Interest		567,813
Differences between expected and actual experience		(3,877,215)
Changes in assumptions		2,699,573
Benefit payments and net transfers		(516,415)
Net changes		(639,767)
Balance at December 31, 2020	$	20,341,557

6. OTHER POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

	1.0% Decrease (1.12%)	**Current Discount Rate (2.12%)**	**1.0% Increase (3.12%)**
Total OPEB liability	$ 23,519,012	$ 20,341,557	$ 17,766,572

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	**Current Trend (5.5%)**	**1.0% Increase (6.5%)**
Total OPEB liability	$ 18,289,841	$ 20,341,557	$ 22,899,252

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the Commission recognized OPEB expense of $1,152,037. At December 31, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,075,892	$ (3,231,013)
Changes in assumptions	5,553,406	(1,217,978)
Total	$ 6,629,298	$ (4,448,991)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending December 31,:	
2021	$ 97,747
2022	97,747
2023	97,747
2024	97,747
2025	97,747
Thereafter	1,691,572
	$ 2,180,307

7. LONG-TERM LIABILITIES

The following is a summary of the changes in general long-term obligations for the year ended December 31, 2020:

	Beginning of Year Balance	Additions	Deductions	End of Year Balance
Tax revenue bonds	$ 25,110,000	$ -	$ 3,970,000	$ 21,140,000
Lease debt	293,826	-	113,485	180,341
Compensated absences payable	3,261,695	1,510,401	1,078,974	3,693,122
Claims payable	1,772,000	5,163,789	4,960,789	1,975,000
	$ 30,437,521	$ 6,674,190	$ 10,123,248	$ 26,988,463

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2020:

	Current	Long-Term
Tax revenue bonds	$ 4,055,000	$ 17,085,000
Lease debt	128,222	52,119
Compensated absences payable	1,000,000	2,693,122
Claims payable	555,000	1,420,000
	$ 5,738,222	$ 21,250,241

The above liabilities will be liquidated through the following funds: tax revenue bonds – debt service fund; compensated absences, net pension liability and other post employment obligation – general fund; and claims payable – internal service funds.

7. **LONG-TERM LIABILITIES** (continued)

As of the beginning of 2012, the Commission's bonds payable included Series 2005 Tax Revenue Bonds, originally issued for $45,000,000 and secured by a pledge and dedication of a 3.253 mill property tax approved pursuant to the Imagine Your Parks Program. In August, 2012 the Commission issued $31,190,000 of taxable refunding bonds, Series 2012A, for the purpose of advance refunding $27,335,000 of the Series 2005 bonds and paying the costs of issuance. The refunding bonds are due in annual installments through May, 2025 at an interest rate of 2.13%.

The proceeds of the refunding bonds were placed into escrow and invested in risk-free U.S. Government Securities. Accordingly, the refunded portion of the 2005 Tax Revenue Bonds were removed from the Commissions' Statement of Net Position. The Series 2005 bonds held by the Commission and the related advance refunded 2005 bonds were retired during 2015.

In connection with the refunding, the Commission paid an up-front cost that resulted in an accounting loss of $3,001,256 which will be systematically recognized over the life of the refunded bonds as an adjustment to interest expense and which is recognized as deferred outflow on the entity-wide financial statements. Through December 31, 2020, $1,968,355 of the deferred outflow had been amortized to interest expense resulting in a remaining deferred amount on refunding of $1,032,901 carried on the entity-wide statement of net position. Amortization of the loss for 2020 was $233,864.

In November 2012, the Commission issued $13,000,000 of Series 2012B Limited Ad Valorem Tax Revenue Bonds for purpose of funding capital improvements in furtherance of the Imagine Your Parks Program which are also secured by a pledge and dedication of the 3.253 mill property tax. The bonds are due in annual installments through May, 2025 at an interest rate of 2.13%.

Bonds outstanding were as follows at December 31, 2020:

	Date of Issue	Original Balance	Ending Balance
Series 2012 A Limited Tax Revenue Refunding Bonds 2.13%	08/02/12	$ 31,190,000	$ 15,545,000
Series 2012 B Limited Tax Revenue Bonds 2.13%	11/06/12	13,000,000	5,595,000
		$ 44,190,000	$ 21,140,000

Combined debt service requirements for all outstanding bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2021	4,055,000	407,096	4,462,096
2022	4,135,000	319,873	4,454,873
2023	4,230,000	230,786	4,460,786
2024	4,315,000	139,781	4,454,781
2025	4,405,000	46,913	4,451,913
	$ 21,140,000	$ 1,144,449	$ 22,284,449

8. INTERFUND TRANSACTIONS

Interfund receivable/payable:

	Interfund Receivable	Interfund Payable
General Fund	$ 19,487,690	$ 769,083
Debt Service Fund	4,428,961	-
Enhancement Construction Fund	4,237,943	3,837,310
Capital Improvements Fund	119,407	9,402,112
Special Revenue Enhancement Fund	2,090,650	15,845,504
Internal Service Funds	470,404	981,046
	$ 30,835,055	$ 30,835,055

Interfund receivables and payables are recorded for the various funds' accrued portion of property taxes that are collected by other funds, and for amounts owed to the general fund as a result of expenditures paid by the general fund that are to be reimbursed by other funds.

Transfers:

	Transfers Out	Transfers In
General Fund	$ 2,408,504	$ 4,924,301
Debt Service Fund	-	4,462,563
Enhancement Construction Fund	-	5,206,539
Special Revenue Enhancement Fund	14,593,403	-
Internal Service Funds	-	2,408,504
	$ 17,001,907	$ 17,001,907

The purpose of inter-fund transfers is to move property taxes collected by the Special Revenue Enhancement Fund in accordance with the terms of the general bond resolution of the Commission, to provide operating enhancements to the general fund, to provide monies for construction to the Enhancement Construction Fund and to cover required debt service payments. Additionally, in 2020, the General Fund made transfers to the internal service (Risk Management) fund for payments of workers comp and liability claims and judgements.

9. RISK MANAGEMENT

The Commission manages each type of risk individually and to differing degrees of assumed risk, or self-insured risk. Components of the Commission's risk management activities include general liability, unemployment compensation, worker's compensation, employee health, vehicle liability and property damage.

General liability has no insurance policies to serve as stop loss. The Commission is at risk for the full amount of all general liability claims.

Worker's compensation and employee health plan losses are covered by excess insurance policies, and professional administrators are contracted by the Commission to adjust and manage their respective claims. The self-insured retainer for worker's compensation is $650,000 per occurrence, and for employee health is $125,000 per occurrence.

Vehicle liability and property damage are covered by insurance, and the insurance companies are responsible for payment of claims exceeding the deductible. The deductible for vehicle liability is $50,000 per occurrence and for property damage is $250,000 per occurrence. The Commission assumes the high deductibles to have lower insurance premiums.

In accordance with GASB Codification Section C50 – *"Claims and Judgements"* the Commission accounts for and reports risk management activities in the internal service funds using the accrual basis of accounting. Claims paid under the self-insurance risk activities are recorded as expenses. There were no major changes in insurance coverage for the year ended December 31, 2020.

The Commission provides medical insurance benefits to its full-time employees who choose to participate. Employees pay the full cost of additional premiums for plans with higher coverage benefits. Cost to the Commission for employee health benefits in 2020 was $4,199,877.

A reconciliation of the unpaid claims liabilities as of December 31, 2020 follows:

	Employee Benefits Fund	Risk Management Fund	Total
Unpaid claims as of January 1, 2020	$ 300,000	$ 1,472,000	$ 1,772,000
Current year claims incurred and changes in estimates	4,199,877	760,912	4,960,789
Claims paid	(4,149,877)	(607,912)	(4,757,789)
Unpaid claims as of December 31, 2020	$ 350,000	$ 1,625,000	$ 1,975,000

9. RISK MANAGEMENT (continued)

The claims liability is shown in the accompanying internal service fund financial statements as:

	Employee Benefits Fund	Risk Management Fund	Total
Short-term	$ 350,000	$ 205,000	$ 555,000
Long-term	-	1,420,000	1,420,000
Total	$ 350,000	$ 1,625,000	$ 1,975,000

10. GOVERNMENTAL FUND BALANCE

Details of the fund balance categories at year-end are as follows:

	General Fund	CIP	Debt Service	Enhancement Construction
Nonspendable				
Inventory	$ 487,808	$ -	$ -	$ -
Spendable				
Restricted for:				
Capital Improvements	-	21,513,180	-	-
Debt Service	-	-	4,529,223	-
Committed to:				
Mineral Endowment	1,342,965	-	-	-
Assigned to:				
Strategic Master Plan	16,074,554	-	-	17,965,355
Self-Insurance	1,625,000	-	-	-
Retirement Benefit	20,341,557	-	-	-
Self-Insurance (Health)	350,000	-	-	-
YMCA CEA - Howell Place	100,000	-	-	-
Encumbrances	1,765,435	-	-	-
Working Capital	6,000,000	-	-	-
Emergency Funds and Other	6,000,000	-	-	-
Total Constrained Fund Balance	54,087,319	21,513,180	4,529,223	17,965,355
Unassigned Fund Balances	16,629,835	-	-	-
Total Fund Balance	$ 70,717,154	$ 21,513,180	$ 4,529,223	$ 17,965,355

The Commission has adopted the following policy related to its General Fund assigned fund balance:

The working capital (assigned) minimum is $6,000,000, with a target of 8.5% of total revenues. That target level resulted in a fund balance target of $6,000,000.

The emergency funds (assigned) minimum limit is $6,000,000 with a target of 8.5% of total revenues. That target level resulted in a fund balance target of $6,000,000.

10. GOVERNMENTAL FUND BALANCE (continued)

For unassigned fund balances, the desirable target is 50% of total revenues, yet it will not be allowed to fall below 20% of total revenues. The amount presented on the annual financial report for 2020 is $16,629,835, which equals 22% of total revenue. Within the policy guidelines above, the Commission has given management the authority to assign fund balance based on intentions for use.

Governmental Fund existing resources will be used to satisfy encumbrances. The following encumbered amounts are already included in the above restricted, committed, or assigned fund balance classifications at December 31, 2020:

General Fund	$ 233,305
Capital Improvements Fund	14,594,816
Enhancement Operating Fund	1,251,499
Enhancement Construction Fund	6,664,636
Total governmental fund encumbrances	$ 22,744,256

11. LITIGATION AND CLAIMS

In the ordinary course of business, the Commission is a defendant in a number of lawsuits and claims, both asserted and unasserted. Although the outcome of these lawsuits and certain claims is not presently determinable, the Commission's legal counsel intends to vigorously defend these matters so that adverse effects to the Commission are minimized. For most of these matters the resolution will not have a material adverse effect on the financial condition of the Commission. However, for certain matters, if the plaintiff or claimant was successful, the ultimate liability to the commission could be significant. Estimated losses to the Commission are recognized in the Government-Wide Financial Statements and the Risk Management Fund to the extent that they are determined to be probable and estimable. The Commission is completely self-insured with respect to general liability claims, including the aforementioned lawsuits.

12. COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

As of December 31, 2020, the Commission had entered into several contracts for a variety of park renovation projects. The obligations for funding those contracts are reflected within the encumbrance amounts presented in Note 10. Additionally, in June 2021, a contract was awarded for approximately $25,500,000 for construction of Phase I improvements of the Greenwood Community Park and Baton Rouge Zoo Master Plan.

In March, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on the Commission's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the community, employees and vendors, all of which are uncertain and cannot be predicted. Although certain cost increases and fee revenue decreases were experienced in 2020, as of the date of these financial statements were available to be issued, the entire extent to which the COVID-19 pandemic may impact the Commission's financial condition or results of operations cannot be reasonably estimated at this time.

In December 2020, the Commission entered into a Cooperative Endeavor Agreement (CEA) to provide a contribution of $4,850,000 toward a project for the design and construction improvements of lakes in the Baton Rouge area controlled, operated, and maintained by BREC per City Ordinance. Subsequent to year-end, this amount was paid from the Capital Improvements Fund. Because the CEA specifically retains ownership of the improvements to another entity (City-Parish), payment from a non-capital fund is more appropriate than payment from the Capital Improvements Fund. As such, management is considering replenishment of the contribution from other governmental funds maintained by the

12. COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS (continued)

In August 2021, Hurricane Ida made landfall in Louisiana. Initial estimates indicate that the storm did not have a significant impact on the Commission's facilities or operations.

13. PRIOR PERIOD RESTATEMENT

During 2020, the Commission elected to segregate its print shop activities into a separate internal service fund (Print Shop) from within the General Fund. Therefore, all balances and activity as of and for the year ended December 31, 2020, are reported separately in the Print Shop Fund, presented on the Internal Service Funds' combining financial statements. As a result of this change, the beginning fund balance for the General Fund was adjusted as follows:

	General Fund
Fund balance, beginning of year, as previously stated	$ 69,425,370
Fund balance deficit to Print-Shop internal service fund	232,494
Fund balance, beginning of year, as restated	$ 69,657,864

The Government-Wide financial statements were not affected by the change in the presentation of these funds.

14. DEFICIT NET POSITION

A deficit net position exists in the Risk Management Fund of $152,660. Also, a deficit net position exists in the Print Shop Fund of $93,954. The deficits are expected to be resolved in the subsequent year through increased premium revenue or transfers from the General Fund.

15. DISAGREGATION OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts, salaries and other payables as of December 31, 2020, were as follows:

Vendors	$ 3,043,272
Salaries and benefits	1,107,622
Due to other governments	1,835,477
Accrued interest payable	75,046
	$ 6,061,417

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION – PART II

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
BATON ROUGE, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:				
Ad valorem taxes	$ 40,845,642	$ 40,845,642	$ 41,921,178	$ 1,075,536
Recreation activity fees	10,234,022	10,234,022	6,966,135	(3,267,887)
Other	832,000	832,000	575,499	(256,501)
Intergovernmental revenues:				
Revenue sharing	1,255,500	1,255,500	1,285,200	29,700
Restricted grants-in-aid	1,583,500	1,583,500	38,237	(1,545,263)
Total revenues	54,750,664	54,750,664	50,786,249	(3,964,415)
Expenditures:				
Current:				
Administrative and planning	17,335,912	17,335,912	14,702,569	2,633,343
Program activities	39,896,579	39,896,579	34,456,125	5,440,454
Capital outlay	6,237,600	6,237,600	3,084,062	3,153,538
Total expenditures	63,470,091	63,470,091	52,242,756	11,227,335
Excess (deficiency) of revenues over expenditures	(8,719,427)	(8,719,427)	(1,456,507)	7,262,920
Other financing sources (uses):				
Operating transfers out	(2,408,534)	(2,408,534)	(2,408,504)	30
Operating transfers in	4,773,902	4,773,902	4,924,301	150,399
Total other financing sources (uses)	2,365,368	2,365,368	2,515,797	150,429
Changes in fund balance	(6,354,059)	(6,354,059)	1,059,290	7,413,349
Fund balances, December 31, 2019, as restated	69,657,864	69,657,864	69,657,864	-
FUND BALANCES, DECEMBER 31, 2020	$ 63,303,805	$ 63,303,805	$ 70,717,154	$ 7,413,349

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
BATON ROUGE, LOUISIANA

SPECIAL REVENUE ENHANCEMENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue Enhancement Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:				
Taxes:				
Ad valorem	$ 14,505,554	$ 14,505,554	$ 14,911,508	$ 405,954
Earnings on investments	120,000	120,000	94,728	(25,272)
Total revenues	14,625,554	14,625,554	15,006,236	380,682
Expenditures:				
Current:				
Administrative and planning	417,760	417,760	412,833	4,927
Total expenditures	417,760	417,760	412,833	4,927
Excess (deficiency) of revenues over expenditures	14,207,794	14,207,794	14,593,403	385,609
Other financing sources (uses):				
Operating transfers out	(14,207,794)	(14,207,794)	(14,593,403)	(385,609)
Total other financing sources (uses)	(14,207,794)	(14,207,794)	(14,593,403)	(385,609)
Changes in fund balance	-	-	-	-
Fund balances, December 31, 2019	-	-	-	-
FUND BALANCES, DECEMBER 31, 2020	$ -	$ -	$ -	$ -

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE BATON ROUGE, LOUISIANA

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEARS ENDED DECEMBER 31st

Financial Statement Reporting Date	Measurement Date	Service Cost	Interest	Difference between actual and expected experience	Changes of assumptions	Benefit payments	Net change in Total OPEB Liability	Total OPEB Liability - Beginning	Total OPEB Liability - Ending	Covered Payroll	Total OPEB Liability as a Percentage of Covered Payroll
12/31/2020	12/31/2020	$ 486,477	$ 567,813	$ (3,877,215)	$ 2,699,573	$ (516,415)	$ (639,767)	$ 20,981,324	$ 20,341,557	$ 18,410,762	110.49%
12/31/2019	12/31/2019	$ 341,465	$ 631,998	$ 860,878	$ 3,904,446	$ (344,114)	$ 5,394,673	$ 15,586,651	$ 20,981,324	$ 16,765,909	125.14%
12/31/2018	12/31/2018	316,964	555,448	434,321	(1,522,473)	(688,689)	(904,429)	16,491,080	15,586,651	16,121,062	96.69%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

There are no assets accumulated in a trust that meets the criteria of Paragraph 4 of GASB 75 for this OPEB plan.

Changes of assumptions - the discount rate as of 12/31/17 was 3.44% and it changed to 4.10% as of 12/31/18.
Changes of assumptions - the discount rate as of 12/31/18 was 4.10% and it changed to 2.74% as of 12/31/19.
Changes of assumptions - the discount rate as of 12/31/19 was 2.74% and it changed to 2.12% as of 12/31/20.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
BATON ROUGE, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST-SHARING DEFINED BENEFIT PLAN
FOR THE YEARS ENDED DECEMBER 31st (*)

	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability	13.6670%	12.7513%	12.1652%	12.2059%	11.4766%	11.4482%
Employer's Proportionate Share of the Net Pension Liability	$ 86,008,224	$ 93,522,057	$ 65,136,770	$ 72,533,771	$ 66,194,382	$ 50,341,635
Employer's Covered Payroll	$ 17,579,655	$ 17,142,545	$ 16,700,037	$ 16,360,826	$ 15,911,560	$ 15,134,118
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	489.2%	545.6%	390.0%	443.3%	416.0%	332.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.47%	59.36%	68.80%	64.09%	63.95%	70.95%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(*) The amounts presented have a measurement date of the previous fiscal year end of the retirement system.

Changes of assumptions:
For the year ended December 31, 2015:
The discount rate was changed from 7.50% to 7.25%.

For the year ended December 31, 2018:
The projected salary increases was changed from 3.75% to 3.50%.

For the year ended December 31, 2019:
The discount rate was changed from 7.25% to 7.04%.

For the year ended December 31, 2020:
The discount rate was changed from 7.04% to 7.00%.

**RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
BATON ROUGE, LOUISIANA**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
COST-SHARING DEFINED BENEFIT PLAN
FOR THE YEARS ENDED DECEMBER 31st**

	2020	2019	2018	2017	2016
Contractually Required Contribution [1]	$ 7,345,529	$ 6,170,459	$ 6,083,889	$ 5,480,952	$ 5,132,391
Contributions in relation to Contractually Required Contribution [2]	7,345,529	6,170,459	6,083,889	5,480,952	5,132,391
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Employer's Covered Payroll [3]	$ 19,746,046	$ 17,579,655	$ 17,142,545	$ 16,700,037	$ 16,360,826
Contributions as a Percentage of Covered Payroll	37.20%	35.10%	35.49%	32.82%	31.37%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

For reference only:

[1] *Employer contribution rate multiplied by employer's covered payroll.*
[2] *Actual employer contributions remitted ot retirement system.*
[3] *Employer's covered payroll amount for the current fiscal year end.*

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

OTHER SUPPLEMENTAL INFORMATION

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
BATON ROUGE, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO THE HEAD OF COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2020

Superintendent:	Corey Wilson
Purpose	**Amount**
Salary	$ 188,309
Benefits - life insurance	750
Benefits - medical insurance (commission paid)	9,404
Benefits - retirement system contributions/mandatory	70,132
Car allowance	8,024
Telecommunications	960
Dues	900
Reimbursements	368
Conference travel	3,002
	$ 281,849

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE BATON ROUGE, LOUISIANA

GENERAL FUND COMBINING SCHEDULE BALANCE SHEET DECEMBER 31, 2020

	General Fund	Enhancement Operating Fund	Eliminations	Total
ASSETS				
Cash and cash equivalents	$ 4,559,617	$ 10,587,558	-	$ 15,147,175
Ad valorem taxes receivable	41,262,108	-	-	41,262,108
Due from governments and other	983,776	-	-	983,776
Inventory	487,808	-	-	487,808
Due from other funds	13,546,084	7,043,664	(1,102,058)	19,487,690
TOTAL ASSETS	60,839,393	17,631,222	(1,102,058)	77,368,557
DEFERRED OUTFLOWS	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 60,839,393	$ 17,631,222	$ (1,102,058)	$ 77,368,557
LIABILITIES				
Accounts payable	1,620,766	414,611	-	2,035,377
Accrued expenses payable	1,480,365	38,890	-	1,519,255
Due to other funds	767,974	1,103,167	(1,102,058)	769,083
TOTAL LIABILITIES	3,869,105	1,556,668	(1,102,058)	4,323,715
DEFERRED INFLOWS	2,327,688	-	-	2,327,688
FUND BALANCE				
Nonspendable	487,808	-	-	487,808
Spendable:				
Committed	1,342,965	-	-	1,342,965
Assigned	36,181,992	16,074,554	-	52,256,546
Unassigned	16,629,835	-	-	16,629,835
TOTAL FUND BALANCE	54,642,600	16,074,554	-	70,717,154
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	$ 60,839,393	$ 17,631,222	$ (1,102,058)	$ 77,368,557

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
BATON ROUGE, LOUISIANA

GENERAL FUND COMBINING SCHEDULE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Enhancement Operating Fund	Eliminations	Total
REVENUES				
Local sources:				
Ad valorem taxes	$ 41,921,178	$ -	$ -	$ 41,921,178
Recreation activity fees	6,966,135	-	-	6,966,135
Earnings on investments	403,778	75,699	-	479,477
Donations and miscellaneous	96,022	-	-	96,022
Intergovernmental revenues:				
Revenue sharing	1,285,200	-	-	1,285,200
Restricted grants-in-aid	38,237	-	-	38,237
TOTAL REVENUES	50,710,550	75,699	-	50,786,249
EXPENDITURES				
Current:				
Administrative and planning	12,968,417	1,734,152	-	14,702,569
Maintenance department operations	11,348,714	-	-	11,348,714
Recreation program operations	10,947,260	-	-	10,947,260
Golf operations	5,655,386	-	-	5,655,386
Zoo operations	5,554,436	-	-	5,554,436
Aquatics and therapeutics	485,067	-	-	485,067
COVID-19 relief operations	338,747	-	-	338,747
Debt service:				
Lease payment	-	113,485	-	113,485
Lease interest	-	13,030	-	13,030
Intergovernmental	150,000	-	-	150,000
Capital outlay	1,098,005	1,836,057	-	2,934,062
TOTAL EXPENDITURES	48,546,032	3,696,724	-	52,242,756
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,164,518	(3,621,025)	-	(1,456,507)
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,408,504)	-	-	(2,408,504)
Transfers in	-	4,924,301	-	4,924,301
TOTAL OTHER FINANCING SOURCES (USES)	(2,408,504)	4,924,301	-	2,515,797
CHANGES IN FUND BALANCE	(243,986)	1,303,276	-	1,059,290
Fund Balance, December 31, 2019, as restated	54,886,586	14,771,278	-	69,657,864
Fund Balance, December 31, 2020	$ 54,642,600	$ 16,074,554	$ -	$ 70,717,154

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Recreation and Park Commission
For the Parish of East Baton Rouge
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that are required to be reported under *Governmental Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2020-003.

Commission's Response to Findings

The Commission's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 29, 2021

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2020

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unmodified opinion on the basic financial statements of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission).

2. Two material weaknesses in internal control over financial reporting were identified for the year ended December 31, 2020. There were no significant deficiencies in internal control over financial reporting that were not considered to be material weaknesses.

3. One instance of noncompliance material to the financial statements of the Recreation and Park Commission for the Parish of East Baton Rouge was disclosed during the audit for the year ended December 31, 2020.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001 Reconciliation of Cash Accounts

Criteria: Reconciliation of cash accounts as recorded on the accounting general ledger should be reconciled to the balances reported by banks or other sub-ledgers on a monthly basis. Additionally, on a periodic basis, items that have remained outstanding for extended periods of time should be researched and resolved.

Condition: Cash accounts as recorded on the accounting general ledger were not reconciled to the underlying records for a significant portion of the fiscal year. While we acknowledge that the reconciliation for certain monthly activity in the bank accounts was occurring on an ongoing basis, the ending balance was not reconciled on a monthly basis. Furthermore, transaction recording and correction entries that often occur as part of the reconciliation process did not occur timely. There are reconciling items that have been outstanding for an extended period of time.

Cause: The Commission has experienced difficulties with the implementation of a new accounting system in 2020.

Effect: The general ledger is the basis for producing the annual financial statements as well as most interim financial reports for the Commission. Without timely, complete and accurate reconciliation of the general ledger to the underlying sub-ledgers and bank statements, those financial reports may be prone to misstatement either due to error or fraud.

Recommendation: The Commission should take the steps necessary to ensure that reconciliations of all general ledger cash balances are maintained and reviewed on a monthly basis and that all transactions are recorded and accounts corrected as needed. Items that have been outstanding for an extended period should be researched and resolved.

Management's Response: As BREC reconfigures the Cash Management and Bank Reconciliation modules of its new ERP system, management will develop standard procedures over the next six months to document the monthly reconciliation of each bank account after a proposed account consolidation utilizing the "Pooled Cash" functionality of the new system. Once the procedures are developed, management will train accounting staff to prepare the reconciliations in a timely manner and review them for accuracy during its month-end closing process. The development of a Bank Reconciliation Clerk position and subsequent employment thereof should provide the organization the necessary resources, along with an Accounting Supervisor position for Revenue, to ensure that all accounts are reconciled and reviewed timely.

B. FINDINGS – FINANCIAL STATEMENT AUDIT (continued)

2020-002 Reconciliation of Collection Clearing Accounts

Criteria: In the normal course of business, BREC collects and remits amounts collected for others, such as sales tax, garnishments and withholdings for employee benefits. Collection clearing accounts for these items should be reviewed regularly to ensure the amounts "0-out"; indicating amounts collected were appropriately remitted.

Condition: Collection clearing accounts were not reviewed to ensure that all balances were properly remitted and that they "net to zero". Several contained debit balances.

Cause: The Commission has experienced difficulties with a new accounting system since its implementation in 2020.

Effect: The general ledger is the basis for producing the annual financial statements as well as most interim financial reports for the Commission. Without timely, complete and accurate review the clearing accounts of the general ledger, those financial reports may be prone to misstatement either due to error or fraud.

Recommendation: The Commission should take the steps necessary to ensure that all general ledger collection clearing accounts are reviewed on a monthly basis and that all transactions are recorded and accounts corrected as needed.

Management's Response: As BREC reconfigures the POS/ERP interfaces between its three Point of Sale/Revenue Management systems and MUNIS to improve the reconciliation of monthly POS/RMS sales reports to the ERP general ledger, management will develop standard procedures over the next six months to identify and report gross sales resulting in sales tax collections. In addition, management will collaborate with its Human Resources Department and Payroll Section to develop a procedure to document monthly reconciliation of all payroll liability accounts.

2020-003 Local Government Budget Act

Criteria: LA R.S. 39:1301-1315 requires that budgets be amended when expenditures and transfers out or revenues and transfers in exceed a 5% unfavorable variance.

Condition: The actual revenues and transfers in during 2020 of the General Fund (including the Enhancement Operating Fund) fell short of the amount budgeted by approximately 6%.

Cause: A revised budget was not adopted to account for a decrease in revenues during 2020. The lower revenues were primarily the result of the COVID-19 pandemic.

Effect: Non-compliance with the state budget law.

Recommendation: The finance department should closely monitor the budget and propose amendments for the Commission's adoption when revenues or expenditures are expected to fall short of budgeted amounts by more than 5%.

B. FINDINGS – FINANCIAL STATEMENT AUDIT (continued)

2020-003 Local Government Budget Act (continued)

Management's Response: The Commission's decision to levy less than the budgeted and voter authorized millage and closure of most revenue generating facilities resulted in actual revenues coming in at slightly less than the 5% allowed by the Local Government Budget Act. Moving forward, BREC will include in its month end closing procedures a quarterly review of its financial statements by fund to ensure compliance with LA R.S. 39:1301-1315 – Local Government Budget Act that requires that budgets be amended when revenues and transfers in or expenditures and transfers out present an unfavorable variance of more than 5 percent. This review will include communications to upper management which will result in quarterly inclusion in the Standard Reports section of the Finance Committee agenda and/or the Executive Summary as well as a potential proposed amendment to the Finance Committee and Commission for adoption at its 4th quarter meeting.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2019-001 Inventory Count Procedures

Criteria: Inventory counts should be performed in accordance with the policy adopted by the Commission. Additionally, procedures should be in place to notify those within the organization when significant variances are noted upon making inventory counts and for further review of the reasons for the variances.

Condition: The regularly scheduled on-going counts of resale inventory were not always conducted during 2019 in accordance with the schedule provided in the policy adopted by the Commission. However, many inventory counts were conducted. In our review of the documentation for one of the inventory counts performed, significant variances were noted between inventory records and the quantities physically present. The variances were not reported to an authorized person for review, and therefore, no further investigation or review was conducted.

Cause: The Commission has experienced turnover in the inventory area which has prevented the organization from having the necessary time and resources to perform and monitor the counts on a regular basis.

Effect: If resale inventory counts are performed on a regular basis, proper adjustments can be more readily identified and corrected and accountability measures applied. Furthermore, if standard procedures exist for reporting significant variances, and are communicated to the employees conducting the inventory counts, then remedial/deterrent measures could be taken in a timely manner.

Recommendation: The Commission should take the steps necessary to ensure that resale inventory counts are performed in accordance with policy.

Current Year Status: Resolved.

B. COMPLIANCE WITH STATE LAWS AND REGULATIONS

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2019-002 Preparation of Schedule of Expenditures of Federal Awards and Written Policies and Procedures over Federal Grants

Criteria: The Uniform Guidance Subpart F Section 200.510 requires the preparation of a Schedule of Expenditures of Federal Awards (SEFA) that includes an accurate reporting of federal awards expended based on the terms and conditions of the grants along with the amount of funds disbursed to subrecipients. In order for the SEFA to be prepared accurately and properly report the amounts expended for federal awards, a system of controls should be in existence that includes the timely preparation and review of the amounts reported on the SEFA. Additionally, the Uniform Guidance requires written policies and procedures documenting how the organization determines the allowable costs eligible for reimbursement with federal funds as well as written policies and procedures documenting how the organization complies with the federal procurement standards.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2019-002 **Preparation of Schedule of Expenditures of Federal Awards and Written Policies and Procedures over Federal Grants**

Condition: The Commission did not maintain adequate internal records in order to prepare an accurate and complete reporting of federal awards expended without significant effort at year-end. The Commission does not currently maintain written policies and procedures for determining allowable costs and compliance with procurement requirements in accordance with 2 CFR 200.318-326.

Questioned Costs: Not applicable.

Cause: The accounting system is not designed to adequately track and record federal program grant expenditures and revenues accurately and with appropriate supporting documentation or reconciliations. As the Commission is relatively new to federal grant funding, written policies and procedures over allowable costs and procurement have not been developed.

Effect: The SEFA provided for audit did not contain the correct amounts of federal expenditures supported by the accounting system and significant audit adjustments were required. Written policies and procedures over allowable costs and procurement are not available to guide staff responsible for federal expenditures.

Recommendation: We recommend the Commission review its policies and procedures for identifying, recording and tracking federal expenses and implement tools within the accounting system to properly identify in order to prepare an accurate SEFA. We also recommend that the Commission develop written policies and procedures for determining allowable costs and for procurement under the Uniform Guidance.

Current Year Status: SEFA not required for current year.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

REPORT TO MANAGEMENT

DECEMBER 31, 2020

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RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

REPORT TO MANAGEMENT

DECEMBER 31, 2020

Postlethwaite & Netterville

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A Professional Accounting Corporation

October 29, 2021

Members of the Commission and Management
Recreation and Park Commission for the Parish of East Baton Rouge
Baton Rouge, Louisiana

In planning and performing our audit of the financial statements of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission or BREC) for the year ended December 31, 2020, we considered the Commission's internal controls over financial reporting and compliance with laws and regulations having a material effect on financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements. Our consideration does not provide assurance on the internal control structure or on compliance.

However, during our audit, we became aware of the following matters that represent opportunities for improving financial reporting, refining policies and procedures and enhancing compliance with laws and regulations. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated October 29, 2021 on the financial statements of the Commission.

A. Settlement of Interfund Accounts

Condition:

The Commission, as do most governments, utilizes several interfund general ledger accounts to track balances due between its various accounting funds. We noted that the settlement of these accounts is not being performed on a regular basis.

This comment is repeated from the prior year.

Recommendation:

We recommend the Commission adopt procedures to ensure that, on a periodic basis, the amounts due between the funds are being settled.

Management's Response:

BREC's Finance Department administrative staff has begun the process of settling the interfund general ledger accounts in 2021. Regarding interfund balances which arise in the normal course of business, such as invoices and receipts containing multi-fund transactions, BREC will continue to manually transfer cash across its multiple bank accounts to periodically settle these balances and will consider consolidating the organization's bank accounts via the "Pooled Cash" functionality in the ERP system to eliminate the need for this task. As BREC has increased its Finance Department staff of accountants in 2021, this process will become a shared responsibility under the authority of the General Ledger Accountant to be addressed during each month-end closing period. In order to settle historical interfund balances, Finance Department administrative staff will utilize the Ad Valorem Tax Receivable in the Enhancement Special Revenue Fund.

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B. Gift Card Reconciliation

Condition:

Gift cards provide a source of revenue for the Commission and avenue to offer future benefits or services to the public on a prepaid basis. It is important that the Commission accurately track the number of cards issued and their respective outstanding balances on a regular basis. During our audit, it was noted that an accurate listing of the gift cards and their outstanding balances is not being produced and reviewed, and the accounting records updated on a regular basis.

This comment is repeated from the prior year

Recommendation:

It is recommended that internal controls and procedures be implemented to ensure that an accurate listing of the gift cards and their balances is produced and reviewed, and the accounting records updated on a regular basis.

Management's Response:

BREC Administrative staff will review its current internal controls and procedures to ensure that an accurate listing of the gift cards and their balances can be produced and review, and its accounting records be updated on a regular basis. With the implementation of three separate Point of Sale/Revenue Management systems designed specifically for the programming areas (Recreation, Golf, Zoo) within which they are utilized, there is an opportunity to revisit this issue of gift card reconciliation and address any outstanding issues. Each programming department now has personnel specifically trained and assigned the task of managing the POS/RMS programs. Finance Department staff will consistently meet with departmental programming administration and staff over the next six months to use the new software to establish and consistently produce an accurate listing of gift cards and their outstanding balances on a regular basis. This responsibility will be assigned to the Sr. Accountant responsible for Revenue and Bank Reconciliations. As BREC reconfigures its POS/ERP interface to improve the reconciliation of noncash customer transactions, management will define revenue recognition procedures and apply to all POS and RMS applications as well as develop a plan to reconcile historical balances to prior POS applications.

C. Timely Cash Deposits

Condition:

BREC policy requires revenue collections be deposited timely (daily). We noted in our audit procedures many instances where revenue collections were not deposited timely.

Recommendation:

It is recommended that internal controls and procedures be implemented to ensure that revenue collections are deposited in a timely manner.

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C. **Timely Cash Deposits** (continued)

Management's Response:

BREC will continue to develop its internal control processes for the timely deposit of cash. Over the next three months, Finance Department management will meet with BREC's upper management to establish and/or validate timely deposit mandates to ensure compliance. In 2021, the Finance Department has revised its Cash Handling Policy as its Revenue Receiving, Depositing and Reporting Policy and Procedures and will consistently update it to include the delineation of timely deposits and provide additional training for programming personnel who handle cash to ensure that they have specific knowledge of the policy and procedures that must be followed to ensure compliance. Monitoring for compliance will be conducted by the Revenue Section staff and the Sr. Accountant for Revenue and Bank Reconciliations. As BREC reconfigures its POS/ERP interface to improve the reconciliation of customer receipts to bank deposits, management will enforce the daily deposit requirement to ensure, in addition to mitigating misappropriation, that each of its facilities' POS transaction batches imported daily into the ERP can be reconciled against a corresponding bank deposit per facility per day. Disciplinary action will be administered for failure to comply with timely cash deposit requirements.

D. **Identification of Components of Capital Construction Costs**

Condition:

For proper financial reporting, it is important that the organization appropriately identify each of the major components of its construction projects, ensure the appropriate useful lives are assigned to each component and ensure that all project costs are captured and capitalized. Construction costs should be appropriately allocated to individual projects and their related components for capitalization.

This comment is repeated from the prior year.

Recommendation:

It is recommended that the separate components of construction projects be identified, captured and capitalized. It is also recommended that the organization consider adopting and maintaining a capital project budget by project on a life-to-date basis and report actual expenditures toward those projects on an on- going basis.

Management's Response:

BREC Administrative staff has begun the process of identifying component pieces of capital construction projects. With the employment of the current Budget Analyst for Construction Funds, the implementation of the new MUNIS ERP system as well as the MasterWorks construction management program, the process is in its early stages. BREC anticipates having the ability to identify all capital construction projects by their component parts for accounting purposes soon, and will begin implementing the process with new construction projects and making adjustments to capture older projects. Over the next three months, Finance Department management will meet with BREC's upper management to establish and/or validate and account for individual construction projects within parks. We will review our current procedures to ensure that individual construction projects within parks are appropriately captured and capitalized. In addition, BREC will consider preparing and maintaining a capital project budget by project on a life-to-date basis utilizing the newly acquired software.

E. Budgetary oversight and reporting

Condition:

Louisiana Revised Statute R.S. 39:1305(D) requires the proposed budget for a political subdivision be accompanied by an adoption instrument that defines the authority of the Chief Executive Officer to make changes within various budget classifications without approval by the governing authority, as well as those powers reserved solely to the governing authority. The resolution accompanying the 2020 budget did not so describe the Superintendent's authority.

A major component of BREC's purpose and mission is the construction and development of parks and recreational facilities which involve significant capital outlays. Recommended accounting practices call for the adoption of a multi-year capital budget on a project basis and reporting against those budgets with actual expenditures and encumbrances in order to demonstrate management of approved projects within budgeted means of financing. BREC currently adopts and reports on capital expenditures on an annual basis, but not on a multi-year basis, and the budget does not identify specific projects

Recommendations:

To fully comply with Louisiana Revised Statute R.S. 39:1305(D), the adoption instrument for future budgets should define the authority of the Superintendent to make changes to the budget without Commission approval, within the confines of the broader statute. Also, although not required by law but in accordance with best practices, we recommend that the Commission adopt a multi-year budget that identifies capital projects and the means of financing for those projects. Reports of actual and obligated expenditures in comparison to those budgets should be presented to and reviewed by the Commission on periodic basis.

Management's Response:

During the upcoming budget adoption process, BREC's Administrative staff will include language within the budget that defines the authority of the Superintendent to make changes within various budget classifications without approval by the Commission, as well as those powers reserved solely to the Commission. Additionally, the organization will provide an annual update on the status of its 10 year capital improvement program and a high level multi-year budget for the Commission's review and approval during each budget cycle.

F. Theft of Public Assets

Condition:

Louisiana Revised Statute 14:67 defines theft as the misappropriation or taking anything of economic value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations. An instance, or likely instance, of misappropriation was identified by Commission staff and are described in Attachment A. The instance was reported to the Legislative Auditor. The instances were detected by BREC personnel through BREC's internal controls.

Recommendation:

We commend BREC's staff and its internal control process for detecting these instances and for taking corrective action. However, BREC should remind its employees of the proper procedures and their ethical responsibilities as public servants. We recommend the Commission continue its prosecution and\or pursuit of these matters and that the internal controls be reviewed and potentially revised to deter such instances from occurring in the future.

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F. **Theft of Public Assets** (continued)

Management's Response:

BREC has consistently updated its systems, policies and procedures to assist in identifying and deterring the misappropriation of funds. The organization has provided training to all BREC staff on its policies and procedures regarding revenue recognition and cash handling as recently as November/December 2020 when policies and procedures were revised. The Revenue Receiving, Depositing and Reporting Policy and Procedures are included as a part of new employee orientation for all staff that interact with revenue as well as during the organization's annual Supervisory Training. In all cases of misappropriation of funds, the organization has pursued restitution of the funds and will continue to pursue all available legal remedies to ensure appropriate stewardship of public assets.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience. We would also welcome any opportunity to perform any additional study of these matters or to assist you in implementing the recommendations. We would also like to thank the Commission staff for their cooperation with us during the performance of the audit.

This report is intended solely for the information and use of the Commission and its management and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Postlethwaite & Netterville

Attachment A to Management Letter

The following 18 elements of the instances of misappropriation are presented below:

	Element of Comment	Payroll Fraud - City Park Golf	Equipment Theft - Greenwood Maintenance
1	A general statement describing the fraud or misappropriation that occurred.	An employee fraudulently reported 86.75 hours, via entry in the timekeeping system.	At least two individuals unlawfully entered into the Maintenance Shop and removed 25 pieces of equipment,
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Time - Payroll Fraud	Lawn Equipment: Trimmers (9), Edgers (5), Backpack Blowers (5), Hand Grinder, Drill, Jacks(2), Pole Saw, Pressure Washer
3	The amount of funds or approximate value of assets involved.	$1,379	$7,589
4	The department or office in which the fraud or misappropriation occurred.	Golf	Park Operations
5	The period of time over which the fraud or misappropriation occurred.	March 2, 2020 - April 2, 2020	8/25/2020
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Golf Course Manager II	Unidentified
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	No formal charges were made against the employee. The employee resigned from the agency in June 2020 and funds were recovered via payroll deduction from the employee's last paycheck.	The names of the individuals are unknown. Offenses were documented on the EBR Sheriff's Office Incident Report but no formal charges have been made against the individuals.
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No	Unknown
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	Not Applicable	Not Applicable
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	No	Yes; EBR Sheriff's Office
11	What is the status of the investigation at the date of the auditor's/accountant's report?	The investigation is complete.	The investigation is complete.
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	No	Not Applicable
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	Not Applicable	Not Applicable
14	Has restitution been made or has an insurance claim been filed?	Yes, restitution has been made.	No
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Yes	Yes
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	No	Yes; Surveillance Cameras
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	Lack of documented policy or procedure related to time clock usage Excessive managerial permissions in the timekeeping system	Not Applicable
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	A new timekeeping system has been installed which will allow greater transparency and needs supervisory approval prior to payment since the employee's benefit group is FT-Non Exempt.	Management agreed to install an alarm system on the maintenance shop building and enter into a new contract with a gate access company for the entrance points at the Baton Rouge Zoo.