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RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2013

P&N Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT

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RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

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A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
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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 non-major funds of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) as of and for the year ended December 31, 2013, and the related notes to the financial statements which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 opinion.

Opinion

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 non-major funds of the Recreation and Park Commission for the Parish of East Baton Rouge as of December 31, 2013 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.

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Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the Schedule of Funding Progress and Employer Contributions for its Post-Employment Benefit Plan presented on pages 3 through 9, pages 40 through 42, and page 43, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2014 on our consideration of the Recreation and Park Commission for the Parish of East Baton Rouge'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* and should be considered in assessing the results of our audit.

Postlethwaite + Netterville

Baton Rouge, Louisiana
September 29, 2014

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

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, 2013

As financial management of the Recreation and Park Commission for the Parish of East Baton Rouge (BREC) 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.

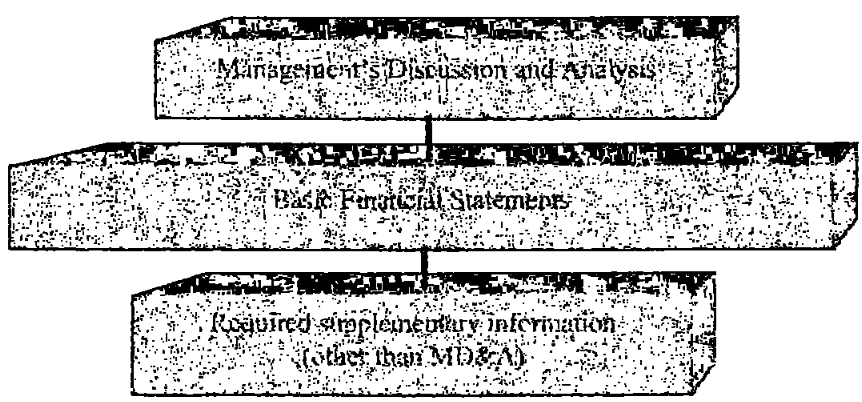
FINANCIAL HIGHLIGHTS

★ Assets and deferred outflows of the Recreation and Park Commission exceeded its liabilities and deferred inflows on December 31, 2013 by $183,546,405 (net position). Of this amount, $46,027,093 (unrestricted net position) may be used to meet ongoing obligations to our creditors.

★ As of December 31, 2013, the governmental funds reported combined ending fund balances of $79,773,666, an increase of $9,094,039 in comparison with the prior year. Approximately 28% of this total amount, $22,522,900 is available for spending at the Commission's discretion (unassigned fund balance of the General Fund).

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 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 the two 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 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 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 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 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 Major 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, Enhancement Operating, Debt Service, 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, unemployment and print shop activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities section in the government-wide financial statements. Combining statements of the internal service funds can be found in the combining statements following the basic 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 market 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.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2013

FINANCIAL ANALYSIS OF THE ENTITY

The following table reflects the condensed Statement of Net Position for 2013, 2012, and 2011:

Condensed Statements of Net Position
as of December 31, 2013, 2012 and 2011

	2013	2012	2011
Assets			
Current and other assets	$ 93,649,052	$ 85,387,953	$ 65,835,927
Capital assets	150,316,936	148,795,813	143,723,445
Total assets	243,965,988	234,183,766	209,559,372
Deferred outflows	2,669,949	2,903,813	-
Liabilities			
Current liabilities	8,905,186	11,058,767	16,535,921
Long-term liabilities	54,184,346	56,943,492	38,624,285
Total liabilities	63,089,532	68,002,259	55,160,206
Deferred inflows	-	-	-
Net position			
Invested in capital assets, net of debt	115,656,936	111,570,813	108,263,806
Restricted	21,862,376	18,862,466	10,262,802
Unrestricted	46,027,093	38,652,041	35,872,558
Total net position	$ 183,546,405	$ 169,085,320	$ 154,399,166

- Approximately 63% of the Commission's net position as of December 31, 2013 reflects investment in capital assets less any outstanding debt used to acquire those assets (land, buildings, infrastructure, animals, 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 12% of the Commission's net position is subject to external restrictions.

- The remaining 25% 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, 2013

The following table provides a summary of the changes in net position for the years ended 2013, 2012, and 2011:

	2013	2012	2011
Revenues			
Program revenues			
Charges for services	$ 9,851,846	$ 9,340,338	$ 9,360,827
Capital grants and contributions	1,001,959	2,012,064	-
Other	-	557,825	303,144
General revenues			
Ad Valorem Tax	51,342,716	49,854,015	48,663,696
State Revenue Sharing	1,519,327	1,516,808	1,555,032
Other General Revenues	1,278,698	1,922,621	1,372,762
	64,994,546	65,203,671	61,255,461
Expenses			
Administration and Planning	17,102,903	17,177,097	17,844,833
Maintenance Department Operations	8,127,159	8,067,429	9,215,771
Recreation Program Operations	13,179,513	12,343,197	12,452,681
Golf Operations	5,139,731	5,108,183	5,471,690
Aquatics and Therapeutics	1,601,361	1,517,895	1,745,665
Zoo Operations	3,985,066	4,074,084	4,415,135
Interest on long-term debt	1,397,728	1,847,341	1,687,279
	50,533,461	50,135,226	52,833,054
Excess of revenues over (expenses)	14,461,085	15,068,445	8,422,407
Net position, beginning of year (restated)	169,085,320	154,016,875	145,976,759
Net position, end of year	$ 183,546,405	$ 169,085,320	$ 154,399,166

The Commission's revenues are comprised almost entirely of property taxes and service fees for use of facilities and activities. Property taxes experienced a modest 3 % increase due to growth of the property tax roles, while service fees increased by approximately 5% due to expanded facilities and activities. The Commission's expenses, overall, remained relatively constant. Interest savings from a bond refunding in 2012 offset increased expenses from recreation programs.

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 chief operating fund of the Commission. At the end of the current fiscal year, unassigned fund balance of the general fund was $22,522,900 while total fund balance of the general fund reached $36,949,794. Compared with total general fund balance of $30,179,586 at the end of 2012, fund balance increased $6,770,208 during 2013. Key factors contributing to this increase was additional revenue of approximately $900,000 in ad valorem taxes and recreation activity fees of approximately $500,000. There were also concerted efforts by the Commission to control expenses.

The Louisiana Local Government Budget Act requires that the Commission adopt budget amendments whenever revenue collections fail to meet projections by more than 5%; or when actual projected expenditures exceed budgeted expenditures 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. The budget amendments described in the next paragraph were made in 2013 at the Commission's discretion for management purposes, but were not required budget adjustments as defined by the Local Government Budget Act.

The original General Fund revenue budget totaled $42,673,700. It was amended to $43,811,762 in December 2013 to more accurately reflect actual revenues being experienced in 2013. Recreation Activity Fee Revenue was increased by approximately $302,000 while ad valorem tax revenues were increased by $843,000. Actual General Fund revenues were $43,934,846, in total; essentially equal to the final budget. Noteworthy variances for revenue items within the general fund were property taxes which were $340,419 above budget, recreational activity fees which were $305,416 below budget, and donations and other miscellaneous revenues that were $35,425 above budget.

After amendments were made to recreational programs and the maintenance department budgets, the final General Fund expenditure budget was $44,786,669. Actual general fund expenditures were $38,401,638 for the year ended December 31, 2013, which were $6,385,031 less than the budgeted amount (as amended).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Commission's capital assets as of December 31, 2013 total $150,316,936 (net of accumulated depreciation). Capital assets include land, buildings and improvements, construction in progress, and moveable property consisting of furniture, machinery and equipment. Net accumulated depreciation represents approximately 41% of the original book value of all capital assets, and approximately 48% of depreciable capital assets. Capital asset additions in 2013 were $10,002,164, or approximately 7% of the book value of all capital assets.

Capital Assets at December 31
(Net of Depreciation)

	2013	2012	2011
Land	$ 29,500,805	$ 29,314,877	$ 29,314,877
Construction in progress	5,057,837	9,090,305	17,586,658
Moveable Property and Equipment	3,320,220	2,924,235	3,244,643
Immoveable Property	112,438,074	107,466,396	93,577,267
Totals	$ 150,316,936	$ 148,795,813	$ 143,723,445

The Commission maintains two funds for capital improvement projects. The first is the Capital Improvements Fund, which accounts for the proceeds of a property tax of 1.99 mills which the Commission has traditionally used for its on-going Capital Improvement Program. This fund operates on a pay-as-you-go basis. Total expenditures in 2013 of the Capital Improvements Fund were $4,864,531. The second fund is the Enhancement Construction Fund, which accounts for the proceeds of a property tax of 3.158 mills that was approved by the citizenry for funding the Imagine Your Parks Program. This fund, after utilizing all of the proceeds of a twenty year, $45,000,000 construction bond, has recently funded its projects from proceeds of the $13,000,000 2012B bond issue. Total expenditures in 2013 of the Enhancement Construction Fund were $4,618,703. The combined total expenditures of the two capital projects funds were $9,483,234 and $9,407,858 in 2013 and 2012, respectively.

Some of the more significant capital improvements during the 2013 fiscal year included the following construction and renovation projects:

- *Independence Park*: A total of $723,000 was spent in 2013 for improvements to the botanical gardens as well as construction of the Independence Park Cyber Café' and Teaching Garden.

- *Magnolia Mound*: A total of $809,000 was spent in 2013 towards construction of the Turner Visitors Center.

- *Bluebonnet Swamp:* A total of $458,000 was spent in 2013 towards construction of the Education and Conference Center.

- *Capital Areas Pathways Project:* A total of $1,262,000 was spent in 2013 towards the construction of trailheads and pathways across the city for the Capital Area Pathways Project.

Long-term debt

At the end of the calendar year 2012, the Commission had total bonded debt outstanding of $50,225,000, while the total bonded debt outstanding as of December 31, 2013 was $47,160,000. This decrease reflects principal payments on the bonds. No debt was issued during 2013. Long-term debt also includes accrued liabilities for compensated leave of $2,704,317, other post-employment benefits of $2,703,538 and self-insurance claims payable of $1,555,235.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

East Baton Rouge Parish has experienced modest economic growth for two consecutive years. The following significant assumptions were made in setting the 2014 budget:

- Property tax revenues will remain relatively constant.
- User fees will increase due to continued expansion of parks and facilities.
- Operating expenses will increase modestly due to the increased number of parks and facilities and because of increases in the retirement system contribution rates and health insurance costs.
- Capital expenditures will continue from available pay-as-you-go tax revenue and unexpended bond proceeds.

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, LOUSIANA

STATEMENT OF NET POSITION
DECEMBER 31, 2013

ASSETS AND DEFERRED OUTFLOWS

ASSETS

Cash and cash equivalents	$	40,816,259
Accounts receivable		1,039,063
Ad valorem taxes receivable, net		51,213,866
Inventory		579,864
Capital assets - non-depreciable		34,558,642
Capital assets - depreciable, net		115,758,294
		243,965,988

DEFERRED OUTFLOWS

Loss on debt refunding		2,669,949

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

LIABILITIES

Accounts payable		3,662,427
Accrued expenses payable		824,801
Note payable		4,000,000
Amounts held for others		275,031
Unearned revenues		142,927
Non-current liabilities		
Due within one year		5,441,469
Due in more than one year		48,742,877
TOTAL LIABILITIES		63,089,532

DEFERRED INFLOWS

DEFERRED INFLOWS		-

NET POSITION

Net investment in capital assets		115,656,936
Restricted		
Capital projects		16,593,406
Debt service		5,168,970
Other		100,000
Unrestricted		46,027,093
TOTAL NET POSITION	$	183,546,405

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

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Expenses	Charges for Services	Capital Grants and Contributions	Total Governmental Activities
Functions/Programs				
Governmental activities				
Adminstration and planning	$ 17,102,903	$ -	$ -	$ (17,102,903)
Maintenance department operations	8,127,159	-	-	(8,127,159)
Recreation program operations	13,179,513	3,103,946	1,001,959	(9,073,608)
Golf operations	5,139,731	3,547,069	-	(1,592,662)
Zoo operations	3,985,066	2,183,507	-	(1,801,559)
Aquatics and therapeutics	1,601,361	1,017,324	-	(584,037)
Interest Expense	1,397,728	-	-	(1,397,728)
	$ 50,533,461	$ 9,851,846	$ 1,001,959	$ (39,679,656)

General Revenues	
Property taxes	51,342,716
State revenue sharing	1,519,327
Earnings on investments	464,664
Donations and miscellaneous	770,794
Bond premium amortization	43,240
Total general revenues	54,140,741
Change in Net Postion	14,461,085
Net Position - December 31, 2012 (restated)	169,085,320
Net Position - December 31, 2013	$ 183,546,405

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, 2013

	General Fund	Enhancement Operating Fund	Debt Service Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	Total
ASSETS							
Cash and cash equivalents	$ 11,930,389	$ 3,579,577	$ 1,206,483	$ 8,842,980	$ 12,791,058	$ -	$ 38,350,487
Accounts receivable	816,377	-	-	222,686	-	-	1,039,063
Ad valorem taxes receivable	32,432,752	-	-	7,259,988	-	11,521,126	51,213,866
Inventory	471,931	-	-	107,933	-	-	579,864
Due from other funds	-	5,181,999	3,962,487	-	1,727,990	-	10,872,476
TOTAL ASSETS	45,651,449	8,761,576	5,168,970	16,433,587	14,519,048	11,521,126	102,055,756
DEFERRED OUTFLOWS	-	-	-	-	-	-	-
TOTAL ASSETS DEFERRED OUTFLOWS	$ 45,651,449	$ 8,761,576	$ 5,168,970	$ 16,433,587	$ 14,519,048	$ 11,521,126	$ 102,055,756
LIABILITIES							
Accounts payable	2,138,934	200,080	-	629,425	507,553	-	3,475,992
Accrued expenses payable	584,310	-	-	26,178	23,560	-	634,048
Note payable	4,000,000	-	-	-	-	-	4,000,000
Amounts held for others	11,176	-	-	124,031	139,824	-	275,031
Unearned revenues	142,927	-	-	-	-	-	142,927
Due to other funds	-	-	-	-	-	10,872,476	10,872,476
TOTAL LIABILITIES	6,877,347	200,080	-	779,634	670,937	10,872,476	19,400,474
DEFERRED INFLOWS	1,824,308	-	-	408,658	-	648,650	2,881,616

(continued)

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

GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2013

	General Fund	Enhancement Operating Fund	Debt Service Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	Total
FUND BALANCE							
Nonspendable	471,931	-	-	107,645	-	-	579,576
Spendable:							
Restricted	-	-	5,168,970	15,137,650	13,848,111	-	34,154,731
Committed	1,342,965	-	-	-	-	-	1,342,965
Assigned	12,611,998	8,561,496	-	-	-	-	21,173,494
Unassigned	22,522,900	-	-	-	-	-	22,522,900
TOTAL FUND BALANCE	36,949,794	8,561,496	5,168,970	15,245,295	13,848,111	-	79,773,666
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	$ 45,651,449	$ 8,761,576	$ 5,168,970	$ 16,433,587	$ 14,519,048	$ 11,521,126	$ 102,055,756

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, LOUSIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013

Total Fund Balances at December 31, 2013 - Governmental Funds		$ 79,773,666
Cost of capital assets at December 31, 2013	$ 255,028,342	
Less: Accumulated Depreciation as of December 31, 2013	104,711,406	150,316,936
Deferred inflows at December 31, 2013 (property tax not available)		2,881,616
Deferred outflows at December 31, 2013 (loss on bond refunding)		2,669,949
Consolidation of internal service funds		721,354
Accrued interest on bonds payable		(188,005)
Long-term liabilities at December 31, 2013:		
Bonds payable	(47,160,000)	
Compensated absences payable	(2,704,317)	
Bond premium	(61,256)	
Net other post-employment benefit obligation - unfunded actuarial accrued liability	$ (2,703,538)	(52,629,111)
Total net position at December 31, 2013 - Governmental Activities		$ 183,546,405

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, 2013

	General Fund	Enhancement Operating Fund	Debt Service Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	Total
REVENUES							
Local sources:							
Ad valorem taxes	$ 32,440,419	$ 300,187	$ -	$ 7,261,376	$ 348,858	$ 10,872,476	$ 51,223,316
Recreation activity fees	9,851,846	-	-	-	-	-	9,851,846
Earnings on investments	101,754	20,103	2,703	305,877	31,207	-	461,644
Donations and miscellaneous	179,925	-	-	432,742	4,675	-	617,342
State sources:							
Revenue sharing	1,232,098	-	-	287,229	-	-	1,519,327
Restricted grants-in-aid	128,804	-	-	273,155	600,000	-	1,001,959
TOTAL REVENUES	43,934,846	320,290	2,703	8,560,379	984,740	10,872,476	64,675,434
EXPENDITURES							
Current:							
Administrative and planning	12,966,803	578,368	6,250	332,314	125,996	-	14,009,731
Maintenance department operations	7,674,708	-	-	-	-	-	7,674,708
Recreation program operations	7,458,136	-	-	-	-	-	7,458,136
Golf operations	4,101,073	-	-	-	-	-	4,101,073
Zoo operations	3,564,089	-	-	-	-	-	3,564,089
Aquatics and therapeutics	1,554,599	-	-	-	-	-	1,554,599
Debt service	-	-	4,248,905	-	-	-	4,248,905
Capital outlay	1,082,230	-	-	4,532,217	4,492,707	-	10,107,154
TOTAL EXPENDITURES	38,401,638	578,368	4,255,155	4,864,531	4,618,703	-	52,718,395
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,533,208	(258,078)	(4,252,452)	3,695,848	(3,633,963)	10,872,476	11,957,039

(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, 2013

	General Fund	Enhancement Operating Fund	Debt Service Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	Total
OTHER FINANCING SOURCES (USES)							
Transfers out	(2,863,000)	(5,100,000)	-	-	(3,400,827)	(10,872,476)	(22,236,303)
Transfers in	4,100,000	5,181,999	7,363,314	-	2,727,990	-	19,373,303
TOTAL OTHER FINANCING SOURCES (USES)	1,237,000	81,999	7,363,314	-	(672,837)	(10,872,476)	(2,863,000)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	6,770,208	(176,079)	3,110,862	3,695,848	(4,306,800)	-	9,094,039
Fund Balance, December 31, 2012	30,179,586	8,737,575	2,058,108	11,549,447	18,154,911	-	70,679,627
FUND BALANCE, DECEMBER 31, 2013	$ 36,949,794	$ 8,561,496	$5,168,970	$ 15,245,295	$ 13,848,111	$ -	$ 79,773,666

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, LOUSIANA

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, 2013

Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds		$ 9,094,039
Capital Assets:		
Capital outlay and other expenditures capitalized	$10,002,164	
Loss on disposal of property	(8,896)	
Depreciation expense for year ended December 31, 2013	(8,472,145)	1,521,123
Change in deferred inflows and outflows		(114,463)
Change in net position of internal service fund		1,165,441
Long Term Debt:		
Principal portion of debt service payments and redemptions	3,065,000	
Change in post-employment benefit obligation	(491,441)	
Bond discount current amortization	43,240	
Change in accrued interest on long-term debt	20,041	
Change in compensated absences payable	$ 158,105	2,794,945
Change in Net Positon - Governmental Activities		$14,461,085

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
COMBINED STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Total Internal Service Funds
ASSETS	
Current:	
Cash and cash equivalents	$ 2,365,772
Certificates of deposit	100,000
TOTAL ASSETS	2,465,772
DEFERRED OUTFLOWS	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 2,465,772
LIABILITIES	
Liabilities:	
Current:	
Accounts payable	186,435
Accrued expenses	2,748
Claims payable	616,070
	805,253
Long-term:	
Claims payable	939,165
TOTAL LIABILITIES	1,744,418
DEFERRED INFLOWS	-
NET POSITION (UNRESTRICTED)	721,354
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	$ 2,465,772

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
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
DECEMBER 31, 2013

OPERATING REVENUES	
Premiums received	$ 3,852,911
Printshop charges	99,704
TOTAL OPERATING REVENUE	3,952,615
OPERATING EXPENSES	
Claims expense	3,892,215
Insurance premiums	523,472
Personnel expenses	125,217
Materials and supplies	74,212
Administrative fees	1,038,078
TOTAL OPERATING EXPENSES	5,653,194
NET OPERATING LOSS	(1,700,579)
NON-OPERATING REVENUES	
Interest income	3,020
TOTAL NON-OPERATING REVENUES	3,020
LOSS BEFORE TRANSFERS	(1,697,559)
Transfers in	2,863,000
CHANGE IN NET POSITION	1,165,441
NET POSITION at DECEMBER 31, 2012	(444,087)
NET POSITION at DECEMBER 31, 2013	$ 721,354

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 COMBINED STATEMENT OF CASH FLOWS DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash premiums received	$ 3,852,911
Printshop charges received	99,704
Cash paid in claims and premiums	(4,399,929)
Cash paid for expenses	(1,242,493)
NET CASH USED IN OPERATING ACTIVITIES	(1,689,807)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Interfund transfers and advances	2,863,000
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	2,863,000
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	3,020
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,020
NET CHANGE IN CASH	1,176,213
Cash at beginning of year	1,289,559
CASH AT END OF YEAR	$ 2,465,772
Reconciliation of change in net position to net cash provided by (used in) operating activities	
Net operating loss	$ (1,700,579)
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:	
Changes in:	
Accounts payable	(4,986)
Claims payable	15,758
NET CASH USED IN OPERATING ACTIVITIES	$ (1,689,807)

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

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 Statement 14, as amended by GASB 61, 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 Statement 14 (as amended by GASB 61) 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 entity-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.

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 properly included among program revenues are reported instead as general revenues. This includes internally dedicated resources such as restricted property taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

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 fixed 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.

Enhancement Operating Fund is used to account for the operations of additional facilities constructed as part of the Imagine Your Parks Strategic Master Plan.

Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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 the proceeds of a 3.158 mill tax dedicated to operation and construction of additional facilities as part of the Imagine Your Parks Strategic Master Plan.

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. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Fund Financial Statements (FFS) (continued)

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 at the time of receipt or earlier if the susceptible to accrual criteria are met.

User Fee Revenues become measurable and available when cash is received by the Commission and are recognized as revenue at that time.

Expenditures

Salaries and benefits are recorded as earned, except for compensated absences 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. As a proprietary fund, the internal service fund utilizes the accrual basis of accounting similar to that used in the private sector. Revenues are recognized when earned and measurable and expenditures are recognized when incurred.

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 fund totals are presented in the proprietary fund financial statements. Since the principal users of the internal service funds are the Commission's 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 expenses generally result from providing services and producing and delivering goods or services in connection with a proprietary fund's principal ongoing operations. Operating expenses for internal service funds include the cost of sales and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. CASH AND INVESTMENTS

Cash and cash equivalents include demand deposit account balances, repurchase agreements, certificates of deposit and U.S. government securities with maturities of 90 days or less from the date purchased.

Investments 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 aggregating 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.

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. The Commission maintains a $1,000 threshold level for capitalizing 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 prepared 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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

G. COMPENSATED ABSENCES

All employees earn vacation leave at the 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, 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 time in lieu of overtime pay up to a maximum of 80 hours. Comp time is paid by the Commission upon termination, resignation, retirement or death, up to the maximum balance of 80 hours. Employees are also given the option to receive pay for their comp time balance twice each year. On June 30th and December 30th, employees may opt to receive pay for the balance of their hours at their existing rate of pay

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 an expense and a long-term obligation and allocated on a functional basis.

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

GASB Statement 16 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 Statement 16 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.

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. The Commission uses this approach.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

H. NET POSITION

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net position invested in capital assets, net of related debt, 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.

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 Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.*

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

Spendable

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. Loans 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 between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 October of each year. It is adopted by the Commission at the November 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 a manual 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 are reported as liabilities. Bond premiums, discounts, issuance 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 reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements governmental fund types recognize bond premiums, discounts, and bond issuance costs 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".

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 2013 property tax calendar was as follows:

Millage rates adopted	June 28, 2013
Levy date	June 28, 2013
Tax bills mailed	November 30, 2013
Due date	December 31, 2013
Lien date	June 1, 2014

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 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.

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 2013:

Approved Millage Rate	Levied Millage Rate	Expiration	Authorized Use Per Proposition
4.10	3.98	2014*	Capital improvements, operations, maintenance
2.10	2.04	2014*	Operations and maintenance
3.96	3.84	2016	Operations and maintenance
3.253	3.158	2024	Capital improvements, operations, maintenance pursuant to the Strategic Master Plan
1.05	1.02	Permanent	Any lawful purpose
14.463	14.038		

* Renewed subsequent to year-end.

2. **PROPERTY TAXES** (continued)

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	$ 32,926,652	$ 493,900	$ 32,432,752
Capital Improvements Fund	7,370,546	110,558	7,259,988
Special Revenue Fund	11,696,575	175,449	11,521,126
	$ 51,993,773	$ 779,907	$ 51,213,866

3. **CASH AND INVESTMENTS**

At December 31, 2013, the Commission's cash balances consist of deposits in financial institutions is as follows:

	Carrying Amount	Bank Balance
Cash and cash equivalents	$ 40,695,373	$ 40,516,410
Petty cash	20,886	-
Time deposits	100,000	100,000
	$ 40,816,259	$ 40,616,410

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, 2013.

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 others. The Commission had no investments as of December 31, 2013.

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2013 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 29,314,877	$ 185,928	$ -	$ 29,500,805
Construction in progress	9,090,305	8,583,979	12,616,447	5,057,837
Total capital assets, not depreciated	38,405,182	8,769,907	12,616,447	34,558,642
Capital Assets Being Depreciated				
Immovable property	189,732,323	12,616,447	-	202,348,770
Moveable property and equipment	17,019,002	1,232,257	130,329	18,120,930
Total capital assets, not depreciated	206,751,325	13,848,704	130,329	220,469,700
Less Accumulated Depreciation For				
Immovable property	82,265,927	7,644,769	-	89,910,696
Moveable property and equipment	14,094,767	827,376	121,433	14,800,710
	96,360,694	8,472,145	121,433	104,711,406
Total Capital Assets Being Depreciated (net)	110,390,631	5,376,559	8,896	115,758,294
Total Capital Assets (net)	$ 148,795,813	$ 14,146,466	$ 12,625,343	$ 150,316,936

Depreciation expense for 2013 is charged to the following functions in the statement of activities:

Administrative and planning	$ 791,919
Maintenance department operations	452,451
Recreation, program operations	5,721,377
Golf	1,038,658
Zoo	420,977
Aquatics and Therapeutics	46,763
	$ 8,472,145

5. RETIREMENT SYSTEMS

A. DEFINED BENEFIT PLANS

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

Plan Description. Substantially, all employees are members of the Employees' Retirement System of the City of Baton Rouge, Parish of East Baton Rouge. The plan is a cost-sharing, multiple-employer defined-benefit pension plan. The plan is administered by a board of trustees. The plan provides retirement benefits, disability benefits, annual cost-of-living adjustments, and death benefits to the plan members and beneficiaries. The City of Baton Rouge and the Parish of East Baton Rouge Plan of Government and Louisiana Revised Statutes 11:2551 et seq. grant the respective board of trustees the authority to establish and amend benefit provisions of the plan.

5. **RETIREMENT SYSTEMS** (continued)

A. DEFINED BENEFIT PLANS (continued)

The Retirement System is reported as a blended component unit of the City-Parish Consolidated Government (City-Parish) as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB 61. Since the Retirement System is part of the City-Parish's reporting entity, its financial statements are included as a Pension Trust Fund by the primary government.

The board of trustees of the Retirement System was created by the City of Baton Rouge and the Parish of East Baton Rouge Plan of Government to administer the assets of the system, and is composed of seven members. Four of the trustees are members of the Retirement System. The remaining membership of the board consists of the City-Parish Director of Finance and two persons with business and accounting experience, appointed by the Metropolitan Council. All administrative expenses of the Retirement System are paid from funds of the system, and the board issues its own financial statements on an annual basis.

The Retirement System issues publicly available financial reports that include financial statements and required supplementary information for the plan.

The financial reports may be obtained from the Retirement Administrator, Employees' Retirement System City of Baton Rouge, Parish of East Baton Rouge, Post Office Box 1471, Baton Rouge, Louisiana 70821-1471.

Funding Policy. Plan members are required to contribute 9.5% of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The current rate is 29.44% of annual covered payroll. The Commissions' contributions to the plans for the past three years were as follows:

	Employer Contribution Rate	Employee Amount Contributed	Employer Amount Contributed
2013	29.44%	$ 1,367,781	$ 4,017,626
2012	28.56%	1,751,488	3,930,356
2011	27.66%	1,457,563	4,246,110

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 5%, respectively, of their annual covered payroll while the Commission contributes at a rate of 17.4% and 16.1%, respectively. Contributions to the plans were as follows for the past two years:

2013	$173,922
2012	$180,789

5. RETIREMENT SYSTEMS (continued)

A. DEFINED BENEFIT PLANS (continued)

Carpenters' Union and Electrical Workers' Union (continued)

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

B. OPTONAL RETIREMENT PLAN

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

The optional retirement 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 optional retirement 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 optional retirement 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 optional retirement 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 optional retirement plan were each $112,800 for the year ended December 31, 2013.

6. OTHER POST-EMPLOYMENT BENEFITS

The Commission provides medical and life insurance benefits to its retired employees. These benefits are accounted for in accordance with Government Accounting Standards Board Statement No. 45 *Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions.*

Plan Description. Substantially all full-time employees are covered by the Baton Rouge City Parish Retirement System. The retirement eligibility (D.R.O.P. entry) provision in order to obtain the full 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 20-24 years of service; 37% for 15-19 years of service. Because of these two interacting provisions, it has been 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; age 60 and 10 years of service.

Life insurance coverage under the program is provided to pre June 30, 2012 retirees in a flat amount of $10,000 (some current retirees have lower amounts because of past plan provisions). The employer pays 100% of the premium of the retiree life insurance under this plan.

6. **OTHER POST-EMPLOYMENT BENEFITS** (continued)

Contribution Rates. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding Policy. The contribution requirements of the employees/retirees and the Commission are established in the annual operating budget and may be amended in subsequent years. During 2012, the health plan was funded with employees and retirees contributing between 4% and 40% of the health premium and the Commission contributing between 60% and 96% of the health premium, dependent upon the number of family members covered and type of plan elected. One hundred percent of required premiums on the $4,000 retiree life insurance policy is funded by the employer.

For the fiscal year ending December 31, 2013, the Commission's portion of health care and life insurance cost funded for retired employees totaled $489,399. This amount was applied toward the Net OPEB Benefit Obligation.

Annual Required Contribution. The Commission's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning January 1, 2013 is as follows:

Normal cost	$ 330,788
30-year UAL amortization amount	689,494
Annual required contribution (ARC)	$ 1,020,282

Net Post-employment Benefit Obligation. The table below shows the Commission's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31, 2013:

Beginning net OPEB obligation 01/01/13	$ 2,212,097
Annual required contribution	1,020,282
Interest on net OPEB obligation	88,484
ARC adjustment	(127,926)
OPEB cost	980,840
Contribution (current year retiree premium)	(489,399)
Change in net OPEB obligation	491,441
Ending net OPEB obligation 12/31/13	$ 2,703,538

The following table shows the Commission's annual post employment benefits cost, percentage of the cost contributed, and the net post employment benefits obligation:

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical and Life	December 31, 2013	$ 980,840	50%	$ 2,703,538
Medical and Life	December 31, 2012	$ 950,465	48%	$ 2,212,097
Medical and Life	December 31, 2011	$ 649,699	65%	$ 1,714,779

6. OTHER POST-EMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress. As of December 31, 2013, the Actuarial Accrued Liability (AAL) was $12,399,722. Since the plan had no assets as of December 31, 2013, the entire actuarial accrued liability was unfunded as of that date.

Actuarial accrued liability (AAL)	$	12,399,722
Actuarial value of plan assets (AVP)		-
Unfunded act. Accrued liability (UAAL)	$	12,399,722
Funded ratio (AVP/AAL)		0%
Covered payroll (active plan members)	$	15,809,449
UAAL as a percentage of covered payroll		78.43%

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions (continued)

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Commission and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Commission and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Commission and plan members in the future.

Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Turnover Rate. An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 21%.

Post employment Benefit Plan Eligibility Requirements. It is assumed that entitlement to benefits will commence five years after earliest eligibility to enter the D.R.O.P. This consists of the five year D.R.O.P. period without any additional delay. It has been assumed that D.R.O.P. entry would occur at the earliest of the following: 25 years of service at any age; age 55 and 25 years of service; or, age 60 and 10 years of service. Entitlement to benefits continue through Medicare to death.

6. **OTHER POST-EMPLOYMENT BENEFITS** (continued)

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2011 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later. The trend rate includes an annual inflation factor of 2.50% annually.

Zero trend has been assumed for valuing life insurance.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The medical rates provided are "blended" rates for active and retired. Since "unblended" rates are required by GASB 45 for valuation purposes, the unblended retiree rates for pre-Medicare eligibility and post-Medicare eligibility have been estimated as being 130% and 80%, respectively, of the blended rates.

7. **SHORT-TERM BORROWING**

As of December 31, 2013, the Commission had an outstanding tax anticipation note payable for $4,000,000. The original note date was November 22, 2013 and matures on February 28, 2014. The interest rate is 0.49%. The note is secured by a pledge of all revenues for 2013. Total interest expense on short-term borrowings for 2013 was $10,610.

8. LONG-TERM LIABILITIES

The following is a summary of the changes in general long-term obligations for the year ended December 31, 2013:

	Beginning of Year Balance	Additions	Deductions	End of Year Balance
Tax revenue bonds	$ 50,225,000	$ -	($ 3,065,000)	$ 47,160,000
Compensated absences payable	2,862,422	2,283,202	(2,441,307)	2,704,317
Bond premium	104,496	-	(43,240)	61,256
Net other post employment obligation	2,212,097	491,441	(-)	2,703,538
Claims payable	1,539,477	527,129	(511,371)	1,555,235
Total	$ 56,943,492	$ 3,301,772	($ 6,060,918)	$ 54,184,346

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, 2013:

	Current	Long-Term
Tax revenue bonds	$ 3,430,000	$ 43,730,000
Compensated absences payable	1,352,159	1,352,158
Bond premium	43,240	18,016
Net other post employment obligation	-	2,703,538
Claims payable	616,070	939,165
Total	$ 5,441,469	$ 48,742,877

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%. At December 31, 2013, the Series 2005 bonds had a remaining outstanding balance of $4,120,000 due in annual installments through May, 2015.

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 have been removed from the Commissions' Statement of Net Position. The balance of the advance refunded (2005) bonds was $27,335,000, and the amounts held in trust for repayment of those bonds was $29,065,381 at December 31, 2013.

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 and which is recognized as deferred outflow on the entity-wide financial statements. As of December 31, 2013, $331,307 of the deferred outflow had been amortized to interest expense resulting in a remaining deferred amount on refunding of $2,669,949 being carried on the entity-wide statement of net position.

In October, 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. The bonds are due in annual installments through May, 2025 at an interest rate of 2.13%.

8. LONG-TERM LIABILITIES (continued)

Bonds outstanding were as follows at December 31, 2013:

	Date of Issue	Original Balance	Ending Balance
Series 2005 Tax Revenue Bonds 4.68%	March 30, 2005	$45,000,000	$ 4,120,000
Series 2012 A Tax Revenue Refunding Bonds 2.13%	August 2, 2012	31,190,000	30,540,000
Series 2012 B Tax Revenue Bonds 2.13%	November 6, 2012	13,000,000	12,500,000
		$89,190,000	$47,160,000

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

Year Ending December 31,	Principal	Interest	Total
2014	$ 3,430,000	$ 1,062,654	$ 4,492,654
2015	3,565,000	926,398	4,491,398
2016	3,645,000	816,695	4,461,695
2017	3,725,000	738,205	4,463,205
2018	3,800,000	658,064	4,458,064
2019-2023	20,275,000	2,026,535	22,301,535
2024-2025	8,720,000	186,695	8,906,695
	$ 47,160,000	$ 6,415,246	$ 53,575,246

Legal Debt Margin – Limited Ad-Valorem Tax Revenue Bonds

Computation of legal debt margin for bonds payable from ad valorem tax is as follows:

Ad valorem taxes:	
Assessed valuation, 2013 tax rolls	$ 4,380,432,100
Debt limit: 10% of assessed valuation	$ 438,043,210

The Commission has no general obligation bonds outstanding. However, outstanding bonds of $47,160,000 were secured by ad valorem tax revenues as of December 31, 2013 resulting in a remaining general obligation bond debt capacity of $390,883,210.

9. INTERFUND TRANSACTIONS

Interfund receivable/payable:

	Interfund Receivable	Interfund Payable
Debt Service Fund	$ 3,962,487	$ -
Enhancement Operating Fund	5,181,999	-
Enhancement Construction Fund	1,727,990	-
Special Revenue Enhancement Fund	-	10,872,476
Total	$ 10,872,476	$ 10,872,476

9. **INTERFUND TRANSACTIONS** (continued)

The primary purpose of balances in the prior year interfund advances was to cover expenditures for capital projects.

Transfers:

	Transfers Out	Transfers In
General Fund	$ 2,863,000	$ 4,100,000
Debt Service Fund	-	7,363,314
Enhancement Operating Fund	5,100,000	5,181,999
Enhancement Construction Fund	3,400,827	2,727,990
Internal Service Funds	-	2,863,000
Special Revenue Enhancement Fund	10,872,476	-
Total	$ 22,236,303	$ 22,236,303

The purpose of interfund transfers is to provide operating enhancements to the general fund, monies for construction to the Enhancement Construction Fund and amounts to cover debt payments in accordance with the terms of the outstanding bonds and to eliminate certain interfund balances.

10. **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 $500,000 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 Statement No. 10 *"Accounting and Financial Reporting for Risk Financing and Related Insurance Issue"* the Commission accounts for and reports risk management activities in the General Fund within the constraints of the modified accrual basis of accounting. Claims paid under the self-insurance risk activities are recorded as expenditures. There were no major changes in insurance coverage for the year ended December 31, 2013.

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 2013 was $3,892,215.

10. RISK MANAGEMENT (continued)

A reconciliation of the unpaid claims liabilities as of December 31, 2013 follows:

	Employee Benefits Fund	Risk Management Fund	Total
Unpaid claims as of January 1, 2013	$ 200,000	$ 1,339,477	$ 1,539,477
Current year claims incurred and changes in estimates	3,364,124	528,091	3,892,215
Claims paid	(3,164,124)	(712,333)	(3,876,457)
Unpaid claims as of December 31, 2013	$ 400,000	$ 1,155,235	$ 1,555,235

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

	Employee Benefits Fund	Risk Management Fund	Total
Short-term	$ 400,000	$ 216,070	$ 616,070
Long-term	-	939,165	939,165
Total	$ 400,000	$ 1,155,235	$ 1,555,235

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, resolution of 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

As of December 31, 2013, the Commission had entered into nine contracts for a variety of park renovation projects as part of its "Imagine Your Parks" Program and its Capital Improvements Program. The Commission is obligated for approximately $264,000 for completion of those projects.

13. RESTATEMENT OF NET POSITION

The beginning net position for the Government-Wide financial statements has been restated to adjust for compensated absences used by employees to receive credit for time of service in calculation of pension benefits. The change is summarized as follows:

Net position, beginning of year, as previously stated	$ 167,276,879
Sick leave benefits	1,808,441
Net position, beginning of year, restated	$ 169,085,320

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

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, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:				
Ad valorem taxes	$ 31,257,000	$ 32,100,000	$ 32,440,419	$ 340,419
Recreation activity fees	9,855,500	10,157,262	9,851,846	(305,416)
Earnings on investments	150,000	150,000	101,754	(48,246)
Donations and miscellaneous	151,200	144,500	179,925	35,425
State sources:				
Revenue sharing	1,260,000	1,260,000	1,360,902	100,902
Total revenues	42,673,700	43,811,762	43,934,846	123,084
Expenditures:				
Current:				
Administrative	15,219,500	15,712,046	12,966,803	2,745,243
Recreation programs	18,342,700	19,275,717	17,760,127	1,515,590
Maintenance department	9,477,200	9,798,906	7,674,708	2,124,198
Total expenditures	43,039,400	44,786,669	38,401,638	6,385,031
Excess (deficiency) of revenues over expenditures	(365,700)	(974,907)	5,533,208	6,508,115
Other financing sources (uses):				
Operating transfers out	(2,863,000)	(2,863,000)	(2,863,000)	
Operating transfers in	4,100,000	4,100,000	4,100,000	-
Total other financing sources (uses)	1,237,000	1,237,000	1,237,000	-
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	871,300	262,093	6,770,208	6,508,115
Fund balances, December 31, 2012	30,179,586	30,179,586	30,179,586	-
FUND BALANCES, DECEMBER 31, 2013	$ 31,050,886	$ 30,441,679	$ 36,949,794	$ 6,508,115

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

ENHANCEMENT OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013

	Enhancement Operating Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:				
Ad valorem taxes	$ -	$ -	$ 300,187	$ 300,187
Earnings on investments	65,000	65,000	20,103	(44,897)
Use of prior year's revenue	842,252	492,430	-	(492,430)
Total revenues	907,252	557,430	320,290	(237,140)
Expenditures:				
Current:				
Administrative and planning	927,252	714,375	578,368	136,007
Total expenditures	927,252	714,375	578,368	136,007
Excess (deficiency) of revenues over expenditures	(20,000)	(156,945)	(258,078)	(101,133)
Other financing sources (uses):				
Operating transfers out	(5,100,000)	(5,100,000)	(5,100,000)	-
Operating transfers in	5,120,000	5,257,000	5,181,999	(75,001)
Total other financing sources (uses)	20,000	157,000	81,999	(75,001)
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	55	(176,079)	(176,134)
Fund balances, December 31, 2012	8,737,575	8,737,575	8,737,575	-
FUND BALANCES, DECEMBER 31, 2013	$ 8,737,575	$ 8,737,630	$ 8,561,496	$ (176,134)

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, 2013

	Special Revenue Enhancement Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:				
Taxes:				
Ad valorem	$ 11,104,000	$ 11,403,000	$ 10,872,476	$ (530,524)
Total revenues	11,104,000	11,403,000	10,872,476	(530,524)
Expenditures:				
Current:				
Administrative	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	11,104,000	11,403,000	10,872,476	(530,524)
Other financing sources (uses):				
Operating transfers out	(11,104,000)	(11,403,000)	(10,872,476)	530,524
Total other financing sources (uses)	(11,104,000)	(11,403,000)	(10,872,476)	530,524
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	-	-	-
Fund balances, December 31, 2012	-	-	-	-
FUND BALANCES, DECEMBER 31, 2013	$ -	$ -	$ -	$ -

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

OTHER POST EMPLOYMENT BENEFITS PLAN
RETIREE HEALTH AND LIFE INSURANCE PROGRAMS
YEAR ENDED DECEMBER 31, 2013

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ending	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013	1/1/2013	$ -	$ 12,399,722	$12,399,722	0.00%	$ 15,809,449	78%
12/31/2012	1/1/2012	-	11,922,810	11,922,810	0.00%	16,453,160	72%
12/31/2011	1/1/2011	-	8,426,776	8,426,776	0.00%	21,862,998	39%
12/31/2010	1/1/2010	-	7,791,028	7,791,028	0.00%	17,280,951	45%
12/31/2009	1/1/2009	-	11,138,976	11,138,976	0.00%	16,662,262	67%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Costs Contributed	Increase (Decrease) to Net OPEB Obligation	Net OPEB Obligation
12/31/2013	$ 980,840	$ 489,399	49.90%	$ 491,441	$ 2,703,538
12/31/2012	950,465	453,147	47.68%	497,318	2,212,097
12/31/2011	649,699	420,580	64.73%	229,119	1,714,779
12/31/2010	627,378	420,580	67.04%	206,798	1,485,660
12/31/2009	905,314	303,031	33.47%	602,283	1,278,862

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

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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*

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 Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2014.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 over financial reporting that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency (2013-1).

We noted certain other matters regarding internal control over financial reporting that we reported to management of the Commission in a separate letter dated September 29, 2014.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of 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 determination of financial statement amounts. 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 matters that is required to be reported under *Government Auditing Standards* (see finding 2013-02).

Commission's Response to Findings

The Commission's response the findings identified in our audit is 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite + Netterville

Baton Rouge, Louisiana
September 29, 2014

2013-01 **Misappropriation of Supplies Inventory**

Criteria: Supplies inventory should be accurately counted and verified on a regular basis. Controls should be in place to prevent misappropriations of supplies inventory by employees or others outside the organization.

Condition: A former employee of the Commission allegedly misappropriated some of the inventory whereby he provided supplies stored in the Commission warehouse to an unauthorized individual outside the organization for the purpose of reselling the supplies. The matter was referred to law enforcement. The employee was terminated. Prosecution is still in progress.

Effect: The Commission's supplies inventory was misappropriated. It is estimated that approximately \$3,000 - \$6,000 in inventory was stolen.

Cause: Due to a lack of controls, including segregation of duties, for the supplies inventory the former employee had the ability to initiate purchases, receive, distribute, and track issuances to the various departments.

Recommendation: The Commission should strengthen its internal controls over the inventory to ensure that regular accurate counts are performed and records maintained of the inventory on hand. Additionally, personnel duties should be segregated and oversight provided that will prevent employees' access to misappropriate inventory in the future.

Management's Response & Corrective Action: In addition to BREC staff identifying the deficiency in internal controls and recovering full restitution for the misappropriation of the Commission's supplies inventory, we are developing significant improvements in our policies and procedures to ensure proper safeguarding and an accurate account of inventory on hand. As recommended, these improvements include additional segregation of duties in the ordering of supplies inventory as well as changes in the distribution of inventory internally. Additionally, we will implement more periodic inventory counts throughout the year as well as random counts to ensure accurate records of inventory on hand are maintained. BREC fully intends to hold its staff more accountable for the agency's assets.

2013-02 **Compliance with the Louisiana Audit Law and Continuing Disclosure Requirements for Municipal Bond Issuers**

Criteria: La. R.S. 24:513 provides that an annual audit must be remitted to the Louisiana Legislative Auditor within six months of the close of the fiscal year. Additionally, Section 4.05 of the General Bond Resolution dated February 22, 2005 requires the Commission to file its annual report with the Municipal Security Rulemaking Board's electronic municipal marketplace access system (EMMA) within six months of the close of the fiscal year.

Condition: This deadline was not met for the current year.

Effect: The Commission is non-compliant with the state audit law and its general bond resolution with respect to timeliness of submission and filing.

Cause: Complex audit and compliance matters that needed to be resolved.

Recommendation: Complex matters should be addressed earlier in the audit process.

Management's Corrective action: We will work with our auditor to receive prompt notice of complex matters that may require significant time to resolve in order to resolve such matters in a timely fashion to comply with state law.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

REPORT TO MANAGEMENT

DECEMBER 31, 2013

P&N

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

REPORT TO MANAGEMENT

DECEMBER 31, 2013

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September 29, 2014

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, 2013, 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 matter that represents an opportunity 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 September 29, 2014 on the financial statements of the Commission.

Credit Card Misuse

Condition:
During the course of internal accounting functions, an employee of the Commission was discovered to have been misusing a Commission credit card to purchase personal items for a total of approximately $1,000. The employee was terminated and has repaid the Commission for the inappropriate charges.

Recommendation:
The Commission should ensure that employees are properly trained and regularly performing their job functions in a timely manner.

Management's Response:
Immediately following staff's detection of an employee's misuse of a Commission credit card, additional procedures were put in place to strengthen internal controls. These procedures included requiring staff that used the credit cards to provide a receipt log with the description and purpose of each item purchased along with the supporting receipt from the vendor. The receipt log is required to be reviewed and signed off for approval by a supervisor. Additional training resources for staff, including supervisors, are being developed.

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 the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Postlethwaite + Netterville

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September 29, 2014

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, 2012, 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 that 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 and **the status of action taken or to be taken by the Commission's management as of September 29, 2014 as represented by the Commission's management.** This letter does not affect our report dated September 29 2014 on the financial statements of the Commission. The Commission's representation of the current status of these matters is described below underneath the management's response. Our work regarding the Commission's representations regarding these matters was limited to inquiry of management and observation of available documentation and the resolution of them was not the objective of our audit. Accordingly, we express no opinion on it.

A. <u>Union Contract</u>

<u>Condition</u>:
The Commission employs members of two local labor unions and, accordingly, pays wages according to the respective unions' pay scale and contributes to union-sponsored Pension and Health and Welfare plans. The relationship under which benefits are provided is not documented by way of a written, signed contract.

<u>Recommendation</u>:
The Commission should memorialize the relationship with the union plans through signed contracts in order to clarify the responsibilities of each party.

<u>Management's Response</u>:
Management is in the process of reviewing all BREC's contractual relationships. Any steps BREC needs to take to properly authorize contractual relationships with outside parties will be formally approved and documented in all future relationships.

<u>Current Year Status:</u>
The Commission is in ongoing discussions with representatives of both local unions in an effort to memorialize its relationships and payments of benefits for members that it employs. A written, signed contract is scheduled to be completed in the next 60 days.

B. **Capital Assets**

Condition:
During the course of the audit it was noted that at least one asset donated in 2012 was not recorded and one asset disposed of during 2012 was not originally recorded in the year of donation. Also, it was noted that the Commission currently maintains its depreciation schedule solely by cost center rather than by asset type.

Recommendation:
It is recommended that the Commission develop a procedure to ensure that all donated assets are properly recorded. It is also recommended that the Commission determine whether it is possible to maintain a depreciation schedule not only by center or location, but by asset type (land, land improvements, buildings, building improvements, etc.). Such a structure of the capital asset records might allow for more precise financial reporting and identification of specific assets.

Management's Response:
BREC currently utilizes a third party stand-alone fixed asset system. A new fully integrated financial management and payroll/HR software system was approved by the Commission at their June 2013 meeting. The entire process of how fixed assets will be recorded is going to be re-evaluated and changed to allow BREC to maintain a depreciation schedule by locations/center, as well as by asset type. Fixed assets will be a part of the fully integrated financial management software solution.

Current Year Status:
With the deployment of a new accounting software application, the Commission has put in place procedures to ensure that donated capital assets are now identified and recorded. Additionally, buildings and infrastructure assets are now recorded at sufficient detail so as to allow identification of separate and distinct structures that may be present within a project, park, or location.

C. **Theft of Public Funds**

Condition:
Through its internal control procedures, management identified two separate instances in which employees were alleged to have stolen public funds at separate recreation centers. Both employees have been terminated and the instances are under investigation. Management has reported these instances to the law enforcement authorities and to the Louisiana Legislative Auditor in accordance with La RS 24:523. The total amount involved is approximately $8,000.

Recommendation:
It is recommended that the procedures and internal controls over the collection, custody, and recording of cash receipts at the recreation centers be constantly reviewed and procedures be updated to deter and minimize future occurrences of fraudulent activity.

Management's Response:
We have reviewed the current procedures and internal controls over the collection, custody and recording of cash receipts at our recreation centers. Additional training materials for managers and internal auditing procedures are being developed to strength the controls already in place.

Current Year Status:
The Commission continues to monitor its cash collections and internal controls over cash at all centers. As indicated in the auditor's comment, our internal controls detected the theft at the two recreation centers during 2012, such that the losses were minimized. No similar instances of theft were identified during the 2013 reporting period.

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

Sincerely,

Postlethwaite & Netterville