RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2011

P&N Postlethwaite & Netterville

A Professional Accounting Corporation

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RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) as of and for the year ended December 31, 2011, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Recreation and Park Commission for the Parish of East Baton Rouge as of December 31, 2011 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 - Fund Equity of Fund Financial Statements, the Commission adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the fiscal year ended December 31, 2011. This standard reclassified the Commission's fund balances into various categories but did not affect the measurement of total fund balance.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012 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.

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 2 through 6, pages 30 through 31, and page 32, 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 29, 2012

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RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT 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, 2011

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.

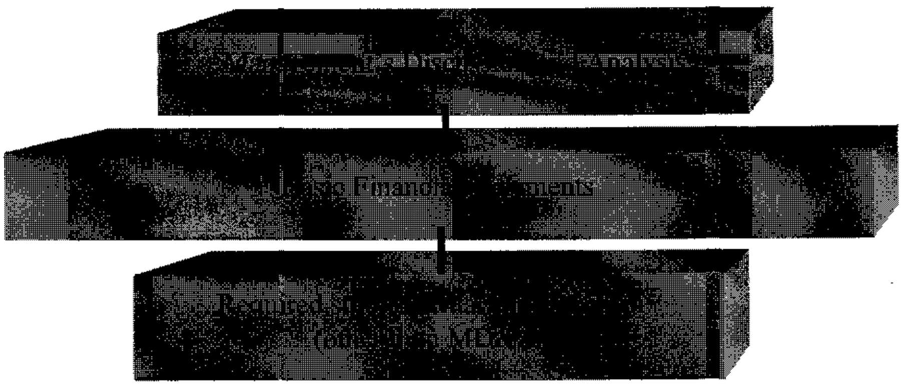
FINANCIAL HIGHLIGHTS

- ★ Assets of the Recreation and Park Commission exceeded its liabilities on December 31, 2011 by $152,590,725 (net assets). Of this amount, $34,064,117 (unrestricted net assets) may be used to meet ongoing obligations to our creditors.

- ★ As of December 31, 2011, the governmental funds reported combined ending fund balances of $49,468,229, an increase of $811,680 in comparison with the prior year. Approximately 20% of this total amount, $9,758,249 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 assets* presents information on all of the Commission's assets and liabilities, with the difference between the two reported as *net assets*. Over time, changes in net assets 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 assets have changed during the most recent fiscal year. All changes in net assets 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. The focus is now on major funds rather than generic fund types.

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, Special Revenue Enhancement, Debt Service, Capital Projects, and the Capital Projects Enhancement Funds as major funds.

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.

FINANCIAL ANALYSIS OF THE ENTITY

The following table reflects the condensed Statement of Net Assets for 2011, 2010, and 2009:

Condensed Statements of Net Assets
as of December 31, 2011, 2010 and 2009

	2011	2010	2009
Assets			
Current and other assets	$ 64,155,293	$ 64,603,999	$ 72,302,026
Restricted assets	1,680,634	1,645,308	3,146,500
Capital assets	143,723,445	137,400,720	122,290,618
Total assets	209,559,372	203,650,027	197,739,144
Liabilities			
Current liabilities	16,535,921	18,304,558	20,828,464
Long-term liabilities	40,432,726	41,356,939	42,983,207
Total liabilities	56,968,647	59,661,497	63,811,671
Net Assets			
Invested in capital assets, net of debt	108,263,806	100,405,720	77,290,618
Restricted	10,262,802	13,777,528	21,748,747
Unrestricted	34,064,117	27,699,240	34,888,108
Total net assets	$ 152,590,725	$ 141,882,488	$ 133,927,473

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2011

- Approximately 71% of the Commission's net assets as of December 31, 2011 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 7% of the Commission's net assets are subject to external restrictions.

- The remaining 22% of net assets, unrestricted assets, may be used to meet ongoing obligations of the Commission to citizens and creditors.

The following table provides a summary of the changes in net assets for the years ended 2011, 2010, and 2009:

Condensed Statements of Revenues and Expenses
For the Years Ended December 31, 2011, 2010 and 2009

	2011	2010	2009
Revenues			
Program revenues			
Charges for services	$ 9,360,827	$ 8,783,915	$ 8,438,707
Other	303,144	165,562	1,124,741
General revenues			
Ad Valorem Tax	48,663,696	47,450,552	46,726,471
State Revenue Sharing	1,555,032	1,559,593	1,568,750
Other General Revenues	1,372,762	1,455,431	1,024,010
	61,255,461	59,415,053	58,882,679
Expenses			
Administration and Planning	17,844,833	15,349,685	15,003,606
Maintenance Department Operations	9,215,771	9,639,287	11,042,016
Recreation Program Operations	12,452,681	13,165,440	13,449,287
Golf Operations	5,471,690	5,440,484	5,881,684
Acquatics and Therapeutics	1,745,665	379,423	416,036
Zoo Operations	4,415,135	4,193,899	4,029,490
Interest on long-term debt	1,687,279	1,748,219	1,805,120
	52,833,054	49,916,437	51,627,239
Excess of revenues over (expenses)	8,422,407	9,498,616	7,255,440
Net Assets, beginning of year, as previously reported	143,988,530	133,927,473	124,905,719
Prior Period Adjustment	179,788	562,441	1,766,314
Net Assets, as restated	144,168,318	134,489,914	126,672,033
Net Assets, end of year	$ 152,590,725	$ 143,988,530	$ 133,927,473

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 $9,758,249 while total fund balance reached $24,224,051. Compared with total fund balance of $22,141,503 (as restated) at the end of 2010, fund balance grew $2,082,548 during 2011. A key factor contributing to this growth was additional revenue of approximately $400,000 in ad valorem taxes and increases in recreation activity fees due to the opening of the new centers.

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 2011 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 $42,234,000. It was amended to $41,693,000 in December 2011 to more accurately reflect actual revenues being experienced in 2011. Recreation Activity Fee Revenue was decreased by $466,000 while ad valorem tax revenues were decreased by $90,000. Actual General Fund revenues were $41,487,402, essentially equal to the budget. Ad Valorem Tax revenues were $270,166 below budget and self-generated revenues were $64,568 above budget.

After amendments were made to recreational programs and the maintenance department budgets, the final General Fund expenditure budget was $43,855,000. Actual general fund expenditures were $42,504,854 for the year ended December 31, 2011, which were $1,350,146 less than the budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Commission's capital assets as of December 31, 2011 total $143,723,445 (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 38% of the original book value of all capital assets, and approximately 48% of depreciable capital assets. Capital asset additions in 2011 were $13,709,267, or approximately 10% of the book value of all capital assets.

Capital Assets at December 31
(Net of Depreciation)

	2011	2010	2009
Land and land improvements	$ 29,314,877	$ 28,236,714	$ 28,243,729
Construction in progress	17,586,658	21,367,978	25,405,962
Moveable Property and Equipment	3,244,643	3,723,566	4,024,880
Immoveable Property	93,577,267	84,072,462	64,616,047
Totals	$ 143,723,445	$ 137,400,720	$ 122,290,618

The Commission maintains two funds for capital improvement projects. The first is the Capital Projects Fund, which accounts for the proceeds of a property tax of 2.05 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 2011 of the Capital Projects Fund were $3,683,946. The second fund is the Capital Projects Enhancement Fund, which accounts for the proceeds of a property tax of 3.253 mills (in excess of the amount restricted to debt service) 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 funded its projects with cash advances from the Capital Projects Fund. Total expenditures in 2011 of the Capital Projects Enhancement Fund were $9,844,008. The combined total expenditures of the two funds in 2011 were $13,527,954.

Major capital projects during the 2011 fiscal year included the following construction and renovation projects:

- *Independence Aquatic Facility*: BREC completed construction of the Independence Aquatic Facility during 2011 (also known as Liberty Lagoon). An additional $475,000 was spent on the facility during 2011. The $7.8 million facility was opened and placed into service during the current year.

- *Greenwood Park*: A total of $2.2 million was spent in 2011 for additions and improvements to existing facilities at Greenwood Park. Improvements and additions include, but are not limited to, a new recreation and golf building, spray pad, lake, playground, pavilion, renovations to the golf course, disk golf course and tennis courts. Improvements are also being made to the roads and parking facilities.

- *North Sherwood Forest Park:* A total of $1.6 million was spent in 2011 for improvements to North Sherwood Forest Park including gaming equipment, fitness facilities and meeting space.

- *Northeast Community Park:* A total of $1.1 million was spent in 2011 for land acquisition, planning, and design.

Long-term debt

At the end of the calendar year 2011, the Commission had total bonded debt outstanding of $35,215,000. This debt is secured by 3.253 mills of ad valorem taxes having a term of 20 years.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

East Baton Rouge Parish, while not suffering from the economic recession experienced in other sections of the United States, is experiencing a modest economic recovery. The following significant assumptions were made in setting the 2012 budget:

- Property tax revenues will remain relatively constant.
- User fees will increase due to an increased number 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.

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 ASSETS
DECEMBER 31, 2011

ASSETS

Cash and cash equivalents	$	11,013,263
Accounts receivable		1,247,121
Ad valorem taxes receivable, net		48,410,659
Investment securities		2,483,753
Inventory		618,207
Deferred bond issuance costs		382,290
Restricted cash and cash equivalents		1,680,634
Capital assets - non-depreciable		46,901,535
Capital assets - depreciable, net		96,821,910
TOTAL ASSETS		209,559,372

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable		3,720,467
Accrued expenses payable		629,248
Note payable		8,000,000
Amounts held for others		521,782
Claims payable		417,155
Deferred revenues		126,778
Non-current liabilities		
Due within one year		3,120,491
Due in more than one year		40,432,726
TOTAL LIABILITIES		56,968,647

NET ASSETS

Invested in capital assets, net of related debt		108,263,806
Restricted		
Capital projects		8,582,168
Debt service		1,580,634
Other		100,000
Unrestricted		34,064,117
TOTAL NET ASSETS	$	152,590,725

The accompanying notes are an integral part of this statement.

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Expenses	Charges for Services	Total Governmental Activities
Functions/Programs			
Governmental activities			
Adminstration and planning	$ 17,844,833	$ -	$ (17,844,833)
Maintenance department operations	9,215,771	-	(9,215,771)
Recreation program operations	12,452,681	2,847,444	(9,605,237)
Golf operations	5,471,690	3,479,624	(1,992,066)
Zoo operations	4,415,135	2,117,328	(2,297,807)
Aquatics and therapeutics	1,745,665	916,431	(829,234)
Interest Expense	1,687,279	-	(1,687,279)
	$ 52,833,054	$ 9,360,827	$ (43,472,227)
General Revenues			
Property taxes			48,663,696
State revenue sharing			1,555,032
Earnings on investments			530,089
Donations and miscellaneous			792,182
Bond premium amortization			50,491
Other			303,144
Total general revenues			51,894,634
Change in Net Assets			8,422,407
Net Assets - January 1, 2011 (restated)			144,168,318
Net Assets - December 31, 2011			$ 152,590,725

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
BALANCE SHEET
DECEMBER 31, 2011

	General Fund	Special Revenue Enhancement Fund	Debt Service Fund	Capital Projects Fund	Capital Projects Enhancement Fund	Total
ASSETS						
Cash and cash equivalents	$ 4,590,922	$ 5,145,268	$ -	$ 718,119	$ 558,954	$ 11,013,263
Accounts receivable	888,285	-	-	206,636	152,200	1,247,121
Ad valorem taxes receivable	30,658,470	10,887,557	-	6,864,632	-	48,410,659
Investment securities	-	-	-	2,483,753	-	2,483,753
Inventory	510,562	-	-	107,645	-	618,207
Due from other funds	-	-	-	23,521,345	-	23,521,345
Restricted cash and cash equivalents	100,000	-	1,580,634	-	-	1,680,634
TOTAL ASSETS	$ 36,748,239	$ 16,032,825	$ 1,580,634	$ 33,902,130	$ 711,154	$ 88,974,982
LIABILITIES						
Accounts payable	1,816,524	311,863	-	821,350	770,730	$ 3,720,467
Accrued expenses payable	351,496	-	-	-	-	351,496
Note payable	8,000,000	-	-	-	-	8,000,000
Amounts held for others	10,632	-	-	-	511,150	521,782
Claims payable	417,155	-	-	-	-	417,155
Deferred revenues	1,928,381	639,586	-	406,541	-	2,974,508
Due to other funds	-	-	-	-	23,521,345	23,521,345
TOTAL LIABILITIES	12,524,188	951,449	-	1,227,891	24,803,225	39,506,753
FUND BALANCES						
Nonspendable	510,839	-	-	23,628,990	-	24,139,829
Spendable:						
Restricted	-	15,081,376	1,580,634	9,045,249	-	25,707,259
Committed	1,342,965	-	-	-	-	1,342,965
Assigned	12,611,998	-	-	-	-	12,611,998
Unassigned	9,758,249	-	-	-	(24,092,071)	(14,333,822)
TOTAL FUND BALANCES	24,224,051	15,081,376	1,580,634	32,674,239	(24,092,071)	49,468,229
TOTAL LIABILITIES AND FUND BALANCES	$ 36,748,239	$ 16,032,825	$ 1,580,634	$ 33,902,130	$ 711,154	$ 88,974,982

The accompanying notes are an integral part of this statement.

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 ASSETS
DECEMBER 31, 2011

Total Fund Balances at December 31, 2011 - Governmental Funds		$ 49,468,229
Cost of capital assets at December 31, 2011	$ 232,602,803	
Less: Accumulated Depreciation as of December 31, 2011	(88,879,358)	143,723,445
Other assets at December 31, 2011:		
Deferred bond issuance cost, net of amortization		382,290
Deferred revenues at December 31, 2011		2,847,730
Accrued interest on bonds payable		(277,752)
Long-term liabilities at December 31, 2011:		
Bonds payable	(35,215,000)	
Claims payable	(1,074,180)	
Compensated absences payable	(4,871,838)	
Bond premium	(677,420)	
Net other post-employment benefit obligation		
- unfunded actuarial accrued liability	$ (1,714,779)	(43,553,217)
Total net assets at December 31, 2011 - Governmental Activities		$ 152,590,725

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 BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Special Revenue Enhancement Fund	Debt Service Fund	Capital Projects Fund	Capital Projects Enhancement Fund	Total
REVENUES						
Local sources:						
Ad valorem taxes	$ 30,464,834	$ 10,819,009	$ -	$ 6,817,953	$ -	$ 48,101,796
Recreation activity fees	9,360,827	-	-	-	-	9,360,827
Earnings on investments	142,243	54,701	1,476	322,720	8,949	530,089
Donations and miscellaneous	258,445	-	-	10,525	523,212	792,182
State sources:						
Revenue sharing	1,261,053	-	-	293,979	-	1,555,032
Restricted grants-in-aid	-	-	-	43,144	260,000	303,144
TOTAL REVENUES	41,487,402	10,873,710	1,476	7,488,321	792,161	60,643,070
EXPENDITURES						
Current:						
Administrative and planning	15,036,419	320,920	-	196,532	-	15,553,871
Maintenance department operations	8,670,400	-	-	-	-	8,670,400
Recreation program operations	8,062,441	-	-	-	-	8,062,441
Golf operations	4,388,611	-	-	-	-	4,388,611
Zoo operations	3,984,299	-	-	-	-	3,984,299
Aquatics and therapeutics	1,710,073	-	-	-	-	1,710,073
Debt service	-	-	3,477,662	-	-	3,477,662
Capital outlay	652,611	-	-	3,487,414	9,844,008	13,984,033
TOTAL EXPENDITURES	42,504,854	320,920	3,477,662	3,683,946	9,844,008	59,831,390
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,017,452)	10,552,790	(3,476,186)	3,804,375	(9,051,847)	811,680
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of assets	-	-	-	-	-	-
Transfers out	-	(8,886,186)	-	-	(3,510,612)	(12,396,798)
Transfers in	3,100,000	-	3,511,512	-	5,785,286	12,396,798
TOTAL OTHER FINANCING SOURCES (USES)	3,100,000	(8,886,186)	3,511,512	-	2,274,674	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,082,548	1,666,604	35,326	3,804,375	(6,777,173)	811,680
Fund balances, December 31, 2010 (restated)	22,141,503	13,414,772	1,545,308	28,869,864	(17,314,898)	48,656,549
FUND BALANCES, DECEMBER 31, 2011	$ 24,224,051	$ 15,081,376	$ 1,580,634	$ 32,674,239	$ (24,092,071)	$ 49,468,229

The accompanying notes are an integral part of this statement.

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, 2011

Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds		$ 811,680
Capital Assets:		
Capital outlay and other expenditures capitalized	$ 13,709,267	
Loss on disposal of property	(76,728)	
Depreciation expense for year ended December 31, 2011	(7,309,814)	6,322,725
Change in deferred revenues		561,900
Long Term Debt:		
Principal portion of debt service payments	1,780,000	
Change in post-employment benefit obligation	(229,119)	
Bond discount current amortization	50,491	
Claims payable	(701,713)	
Bond issue costs current amortization	(28,494)	
Change in accrued interest on long-term debt	10,383	
Change in compensated absences payable	$ (155,446)	726,102
Change in Net Assets - Governmental Activities		$ 8,422,407

The accompanying notes are an integral part of this statement

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

GASB Statement 14 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, 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*, defined by GASB Statement 14 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 GASB 14, there are no other primary governments with which the Commission has a significant relationship.

B. BASIS OF PRESENTATION AND ACCOUNTING

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.

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 fiduciary. In turn, each category is divided into separate fund types. The Commission has no fiduciary funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Fund Financial Statements (FFS) (continued)

Governmental Funds are used to account for the Commission's activities, including the collection and disbursement of specific or legally restricted monies, 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.

Special Revenue Enhancement Fund is used to account for the proceeds of a 1.5 mill tax dedicated to 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 Projects Fund is used to account for property taxes that are dedicated to the acquisition, construction, or improvement of major capital facilities.

Capital Projects Enhancement Fund is used to account for the proceeds of 1.753 mill tax dedicated to capital improvements and facility enhancements pursuant to 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.

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.

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 assets 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 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.

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.

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

G. COMPENSATED ABSENCES (continued)

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.

H. NET ASSETS

Net assets represent the difference between assets and liabilities. Nets assets 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 assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments.

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

I. FUND EQUITY OF FUND FINANCIAL STATEMENTS.

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below in accordance with Governmental Accounting Standards Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* which was implemented for the year ended December 31, 2011:

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.

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.

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

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 a reservation of fund balance for reporting purposes only, since they do not constitute expenditures or liabilities.

N. RESTRICTED ASSETS

Certain bond proceeds and debt service sinking funds of the Tax Revenue Bonds Series 2005 are legally restricted as to purpose. These assets have been classified as restricted assets on the Statement of Net Assets since the use of these funds is limited by applicable bond resolutions. In addition, the Commission has a $100,000 Time Deposit held in trust with the Louisiana Office of Workers Compensation for its self-insured program.

O. LONG-TERM OBLIGATIONS

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

In the government-wide statement of net assets, 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 2011 property tax calendar was as follows:

Millage rates adopted	June 23, 2011
Levy date	June 23, 2011
Tax bills mailed	November 30, 2011
Due date	December 31, 2011
Lien date	June 1, 2012

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.

2. **PROPERTY TAXES** (continued)

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 revenues in the year of levy. Such deferred revenues 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 2011.

Millage Rate	Expiration	Authorized Use Per Proposition
4.10	2014	Capital improvements, operations, maintenance
2.10	2014	Operations and maintenance
3.96	2017	Operations and maintenance
3.253	2024	Capital improvements, operations, maintenance pursuant to the Strategic Master Plan
1.05	Permanent	Any lawful purpose
14.463		

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

	Gross Property Taxes Receivable	Estimated Uncollectible Property Taxes	Net Property Taxes Receivable
General Fund	$ 31,134,574	$ 476,104	$ 30,658,470
Capital Projects Fund	6,971,234	106,602	6,864,632
Special Revenue Enhancement Fund	11,056,633	169,076	10,887,557
	$ 49,162,441	$ 751,782	$ 48,410,659

3. **DEPOSITS AND INVESTMENTS**

Deposits are stated at cost, which approximates market. Under state law, they 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.

	Carrying Amount	Bank Balance
Cash and cash equivalents	$ 11,013,263	$ 11,627,561
Restricted cash and cash equivalents	1,680,634	1,680,634
	$ 12,693,897	$ 13,308,195

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. The Commission had no custodial credit risk as of December 31, 2011.

3. **DEPOSITS AND INVESTMENTS** (continued)

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.

		Governmental Activities
Petty cash	$	27,670
Interest-bearing demand deposits		12,503,554
Money markets		62,673
Time deposits		100,000
	$	12,693,897

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.

Proceeds from the issuance of tax revenue bonds for the Commission are invested according to guidelines set forth in the bond resolutions.

Marketable equity securities at December 31, 2011 consist of shares of publicly traded common and preferred stock among a diverse cross section of corporations. The stock was originally acquired by donation in 1989. Additional shares have been acquired due to splits and stock dividends. The stock is in the custody of a brokerage firm that is a member of the Securities Investor Protection Corporation. Fair values are based upon quoted prices of the New York Stock Exchange as of the close of business on December 31, 2011.

The Commission applies Governmental Accounting Standards Board statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, in accounting for its investment securities. Under this pronouncement, the marketable equity securities are reported at fair value and the corresponding change in value is recognized in the statement of revenues, expenditures and changes in fund balances.

As a means of limiting its exposure to fair value losses arising from interest rates, the Commission's investment policy will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Commission will not directly invest in securities maturing more than five (5) years from the date of purchase. However, the Commission may collateralize its repurchase agreements using longer dated investments not to exceed ten (10) years to maturity.

Reserve funds may be invested in securities exceeding five (5) years, but not to exceed ten (10) years to maturity if such investments are made to coincide as nearly as practicable with the expected use of the funds.

Credit risk is defined as the risk that an issuer or other counter-party to an investment will not fulfill its obligation. The Commission's investment policy requires the application of the prudent-person rule. The policy states, "All investments made shall be with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." However, under all circumstances, the overriding concern shall be safety of the principal amounts invested. The Commission's policy limits investments to United States Treasury obligations by federal agencies, security repurchase agreements, certificates of deposits, and mutual or trust fund institutions.

The Commission's policy states that their concentration of risk is that no more than 50% of total investment portfolio will be invested in a single security type or within a single financial institution with the exception of U.S. Treasury securities.

The Commission has no investments in any single organization that represent five percent or more of the Commission's net assets, nor does the Commission hold more than five percent of any corporation's stock at December 31, 2011.

The Commission's investments at December 31, 2011 consisted of equity securities with a carrying amount and fair value of $2,483,753.

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2011 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 28,236,714	$ 1,078,163	$ -	$ 29,314,877
Construction in progress	21,367,978	11,827,588	15,608,908	17,586,658
Total capital assets, not depreciated	49,604,692	12,905,751	15,608,908	46,901,535
Capital Assets Being Depreciated				
Immovable property	153,617,651	15,610,773	-	169,228,424
Moveable property and equipment	16,470,957	801,651	799,764	16,472,844
Total capital assets, not depreciated	170,088,608	16,412,424	799,764	185,701,268
Less Accumulated Depreciation For				
Immovable property	69,545,189	6,105,968	-	75,651,157
Moveable property and equipment	12,747,391	1,203,846	723,036	13,228,201
	82,292,580	7,309,814	723,036	88,879,358
Total Capital Assets Being Depreciated (net)	87,796,028	9,102,610	76,728	96,821,910
Total Capital Assets (net)	$ 137,400,720	$ 22,008,361	$ 15,685,636	$ 143,723,445

Depreciation expense for 2011 is charged to the following functions in the statement of activities:

Administrative and planning	$ 824,696
Maintenance department operations	545,371
Recreation, program operations	4,390,240
Golf	1,083,079
Zoo	430,836
Aquatics and Therapeutics	35,592
	$ 7,309,814

5. RETIREMENT SYSTEMS

A. DEFINED BENEFIT PLANS

Employees' Retirment 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 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 as defined by Governmental Accounting Standards Board Statement No. 14, the Financial Reporting Entity. 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 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 27.66% of annual covered payroll. The preceding rate is for the plan with the rate being applicable to the Employee's Retirement System of the City of Baton Rouge. The Commissions' contributions to the plans for the past three years were as follows:

	Employer Contribution Rate	Employee Amount Contributed	Employer Amount Contributed
2011	27.66	$ 1,457,563	$ 4,246,110
2010	24.93	1,115,412	2,927,107
2009	21.44	966,988	2,182,296

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 4%, respectively, of their annual covered payroll while the Commission contributes at a rate of 16.1% and 14.75% respectively. Contributions to the plans were as follows for the past two years:

2011	$183,260
2012	$186,463

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

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

5. **RETIREMENT SYSTEMS** (continued)

B. 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 $245,382 for the year ended December 31, 2011.

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 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 retirees in a flat amount of $10,000 (some current retirees have lower amounts because of pas! plan provisions). The employer pays 100% of the cost of the retiree life insurance in this uninsured plan. The 94GAR mortality table described below has been used to calculate the cost of this self-insured program. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

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 2011, the health plan was funded with employees and retirees contributing 63% of the health premium and the Commission contributing 37% of the health premium, dependent upon the number of family members covered. 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, 2011, the Commission's portion of health care and life insurance cost funded for retired employees totaled $420,580. This amount was applied toward the Net OPEB Benefit Obligation.

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

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, 2011 is $643,674 for medical, and $32,515 for life, as set forth below:

	Medical	Life
Normal Cost	$ 196,937	$ 10,686
30-year UAL amortization amount	446,737	21,829
Annual required contribution (ARC)	$ 643,674	$ 32,515

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, 2011:

	Medical	Life	Total
Beginning Net OPEB Obligation 01/01/2011	$ 1,405,333	$ 80,327	$ 1,485,660
Annual required contribution	643,674	32,515	676,189
Interest on Net OPEB Obligation	56,213	3,213	59,426
ARC Adjustment	(81,271)	(4,645)	(85,916)
OPEB Cost	618,616	31,083	649,699
Contribution (Current year retiree premium)	(408,733)	(11,847)	(420,580)
Change in Net OPEB Obligation	209,883	19,236	229,119
Ending Net OPEB Obligation 12/31/2011	$ 1,615,216	$ 99,563	$ 1,714,779

The following table shows the School Board'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, 2011	$ 649,699	65%	$ 1,714,779
Medical and Life	December 31, 2010	$ 627,378	67%	$ 1,485,660
Medical and Life	December 31, 2009	$ 905,314	33%	$ 1,278,862

Funded Status and Funding Progress. As of December 31, 2011, the Actuarial Accrued Liability (AAL) was $8,034,019 (medical) and $392,757 (life). Since the plan had no assets as of December 31, 2011, the entire actuarial accrued liability was unfunded as of that date.

	Medical	Life
Actuarial Accrued Liability (AAL)	$ 8,034,019	$ 392,757
Actuarial Value of Plan Assets	-	-
Unfunded Act. Accrued Liability (UAAL)	8,034,019	392,757
Funded Ratio (Act. Val. Assets/AAL)	0%	0%
Covered Payroll (active plan members)	21,862,998	21,862,998
UAAL as a percentage of covered payroll	36.75%	1.80%

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

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.

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%. The rates for each age are below:

Age	Percent Turnover
18 - 25	30.0%
26 - 40	25.0%
41 - 54	20.0%
55+	12.0%

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.

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.

6. OTHER POST-EMPLOYMENT BENEFITS (continued)

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, 2011, the Commission had an outstanding tax anticipation note payable for $8,000,000. The original note date was October 28, 2011 and matures on March 1, 2012. The interest rate is 0.59%. The note is secured by a pledge of all revenues for 2011. Total interest expense on short-term borrowings for 2011 was $16,970.

8. LONG-TERM LIABILITIES

The following is a summary of the changes in general long-term obligations for the year ended December 31, 2011:

	Beginning of Year Balance	Additions	Deductions	End of Year Balance
Tax revenue bonds	$ 36,995,000	$ -	($ 1,780,000)	$ 35,215,000
Compensated absences payable	4,716,392	2,270,141	(2,114,695)	4,871,838
Bond premium	727,911	-	(50,491)	677,420
Net other post employment obligation	1,485,660	229,119	(-)	1,714,779
Claims payable	372,467	701,713	(-)	1,074,180
Total	$ 44,297,430	$ 3,200,973	($ 3,945,186)	$ 43,553,217

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, 2011:

	Current	Long-Term
Tax revenue bonds	$ 1,845,000	$ 33,370,000
Compensated absences payable	1,225,000	3,646,838
Bond premium	50,491	626,929
Net other post employment obligation	-	1,714,779
Claims payable	-	1,074,180
Total	$ 3,120,491	$ 40,432,726

The Commission's bonds payable consist of 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. The bonds are due in annual installments through May 2025 at an interest rate of 4.50%. The bonds require monthly transfers from the Enhancement Fund to the Debt Service Fund on the last day of each month equal to 1/12 of principal and interest, and that all tax revenues be deposited into the Enhancement Fund. The Commission was in compliance with the bond covenants in 2011.

8. LONG-TERM LIABILITIES (continued)

Principal and interest payments are due as:

Year Ending December 31,	Principal	Interest	Total
2012	$ 1,845,000	$ 1,631,918	$ 3,476,918
2013	1,915,000	1,549,451	3,464,451
2014	2,010,000	1,451,325	3,461,325
2015	2,110,000	1,345,687	3,455,687
2016	2,220,000	1,245,900	3,465,900
2017-2021	12,620,000	4,641,087	17,261,087
2022-2025	12,495,000	1,246,625	13,741,625
	$ 35,215,000	$ 13,111,993	$ 48,432,993

9. INTERFUND TRANSACTIONS

Interfund receivable/payable:

	Interfund Receivable	Interfund Payable
Capital Projects Fund	$ 23,521,345	$ -
Capital Projects Enhancement Fund	-	23,521,345
Total	$ 23,521,345	$ 23,521,345

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

Transfers:

	Transfers In	Transfers Out
General Fund	$ 3,100,000	$ -
Debt Service Fund	3,511,512	-
Special Revenue Enhancement Fund	-	8,886,186
Capital Projects Enhancement Fund	5,785,286	3,510,612
Total	$ 12,396,798	$ 12,396,798

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 Series 2005 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 $350,000 per occurrence, and for employee health is $50,000 per occurrence.

10. RISK MANAGEMENT (continued)

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, 2011.

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. The Commission also provides certain life insurance benefits for retired employees which it self-insures. All of the Commission's full-time employees become eligible for these benefits when they reach normal retirement age while working for the Commission. The Commission's costs of providing these benefits are recognized as expenditures when the claim to benefits has been incurred. Cost to the Commission for employee health benefits in 2011 was $2,607,583.

11. LITIGATION AND CLAIMS

In the ordinary course of business, the Commission is a defendant in a number of lawsuits. Although the outcome of these lawsuits is not presently determinable. For most of the lawsuits, it is the opinion of the Commission's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Commission. However, for several of these matters, if the plaintiff was successful, the ultimate liability to the commission could be significant. Estimated losses to the Commission are accounted for in accordance with FASB Statement No. 5, *Accounting for Contingencies* in the Government-Wide Financial Statements. The Commission is self-insured with respect to general liability claims, including the aforementioned lawsuits.

12. COMMITMENTS

As of December 31, 2011, the Commission had entered into fourteen 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 $4,000,000 for completion of those projects.

The Commission had the following encumbrance commitments at December 31, 2011:

General Fund	$ 359,442
Construction in Progress Fund	3,065,532
Special Revenue Enhancement Fund	340,060
Capital Projects Enhancement Fund	5,614,213
	$ 9,379,247

13. NEGATIVE FUND BALANCE

At December 31, 2011, the Capital Project Enhancement Fund had a negative fund balance of $24,092,071 as a result of expenditures of the "Imagine Your Parks" (IYP) program exceeding the proceeds of the Series 2005 Bond that were originally issued to fund the IYP projects, and dedicated tax revenues. In recent years, the IYP projects were largely funded with advances from the Capital Improvements Fund which have been recorded as interfund receivables and payables. Repayment of the advances is contingent upon future tax collections in excess of required debt service on the outstanding bonds and the extent to which additional capital projects of the IYP Program will be undertaken. Timely completion of the projects planned for the Capital Improvements Fund is contingent upon repayment of those advances.

14. PRIOR PERIOD ADJUSTMENT

During 2011 the Commission discovered errors in the recording of property tax revenues and other miscellaneous items. Changes to fund balances as a result of these errors are as follows:

	General Fund	Special Revenue Enhancement Fund	Capital Projects Fund
Fund balance, beginning of year, as previously stated	$ 23,473,230	$ 13,931,718	$ 29,127,232
Changes for adjustments	(1,331,727)	(516,946)	257,368
Fund balance, beginning of year, restated	$ 22,141,503	$ 13,414,772	$ 28,869,864

The Government-Wide financial statements were also affected by these errors. The beginning of year net assets as previously stated was $143,988,530 and the net assets as restated is $144,168,318, or a change of $179,788.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 29, 2012, and determined that no events occurred that require disclosure. With the exception of the matter presented in the following paragraph, no subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

At its June 28, 2012 meeting, the Commission approved the issuance of $31,250,000 Series 2012A Ad Valorem Tax Refunding Bonds for the purpose of refunding the outstanding Series 2005 Tax Revenue Bonds.

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, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:				
Ad valorem taxes	$ 30,825,000	$ 30,735,000	$ 30,464,834	$ (270,166)
Recreation activity fees	9,909,000	9,443,000	9,360,827	(82,173)
Earnings on investments	115,000	140,000	142,243	2,243
Donations and miscellaneous	105,000	95,000	258,445	163,445
State sources:				
Revenue sharing	1,280,000	1,280,000	1,261,053	(18,947)
Total revenues	42,234,000	41,693,000	41,487,402	(205,598)
Expenditures:				
Current:				
Administrative	15,984,000	15,984,000	15,036,419	947,581
Recreation programs	19,498,000	18,947,000	18,798,035	148,965
Maintenance department	9,728,000	8,924,000	8,670,400	253,600
Total expenditures	45,210,000	43,855,000	42,504,854	1,350,146
Excess (deficiency) of revenues over expenditures	(2,976,000)	(2,162,000)	(1,017,452)	1,144,548
Other financing sources (uses):				
Operating transfers in	3,100,000	3,100,000	3,100,000	-
Total other financing sources (uses)	3,100,000	3,100,000	3,100,000	-
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	124,000	938,000	2,082,548	1,144,548
Fund balances, December 31, 2010, restated	23,437,000	23,437,000	22,141,503	(1,295,497)
FUND BALANCES, DECEMBER 31, 2011	$ 23,561,000	$ 24,375,000	$ 24,224,051	$ (150,949)

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, 2011

	Special Revenue Enhancement Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:				
Taxes:				
Ad valorem	$ 10,945,000	$ 10,945,000	$ 10,819,009	$ (125,991)
Earnings on investments	50,000	50,000	54,701	4,701
Total revenues	10,995,000	10,995,000	10,873,710	(121,290)
Expenditures:				
Current:				
Administrative	326,000	326,000	320,920	5,080
Total expenditures	326,000	326,000	320,920	5,080
Excess (deficiency) of revenues over expenditures	10,669,000	10,669,000	10,552,790	(116,210)
Other financing sources (uses):				
Operating transfers out	(10,055,000)	(10,055,000)	(8,886,186)	1,168,814
Total other financing sources (uses)	(10,055,000)	(10,055,000)	(8,886,186)	1,168,814
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	614,000	614,000	1,666,604	1,052,604
Fund balances, December 31, 2010, restated	13,966,000	13,966,000	13,414,772	(551,228)
FUND BALANCES, DECEMBER 31, 2011	$ 14,580,000	$ 14,580,000	$ 15,081,376	$ 501,376

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, 2011

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)
12/31/2011	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%
12/31/2008	1/1/2008	-	10,738,666	10,738,666	0.00%	19,092,538	56%

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
12/31/2011	$ 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
12/31/2008	917,377	240,798	26.25%	676,579	676,579

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

P&N Postlethwaite & Netterville

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

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

We have audited the financial statements of the governmental activities and each major fund, of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) as of and for the year ended December 31, 2011, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated June 29, 2012. 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.

Internal Control Over Financial Reporting

Management of the Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2011-1 that we consider to be a significant deficiency in internal control. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 grants 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. However, the results of our tests revealed either instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards. A certain other matter is* presented in the accompanying schedule of findings and questioned costs as item 2011-2.

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Management's responses to the findings identified in the Schedule of Findings and Questioned Costs are described therein. We did not audit management's responses and, accordingly, we express no opinion on them.

This report is intended for the information of the Commission, management, federal and state awarding agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Netterville

Baton Rouge, Louisiana
June 29, 2012

2011-01 **Gift Cards**

Criteria: In order to maximize retail revenue, best practices call for a process of sound internal controls with respect to the issuance of gift cards. Without such controls, an organization exposes itself to lost revenues, misappropriation, and potential misuse of the cards. If management decides to issue gift cards at no charge (comped) for a business purpose, the issuance should be approved at the managerial level, be compliant with the organization's policies, and state and local laws, and employ appropriate segregation of duties.

Condition: Several of the Commission's facilities sell gift cards which can be used for the purchase of facilities usage, entrance fees, food and beverages, resale merchandise and other miscellaneous uses. From time to time, certain golf courses issue the gift cards as prizes, some at no direct charge, to event participants as a means of enticing participation in tournaments and league play. "Gift card prizes" issued at no charge totaled approximately $82,000 at three of the Commission's golf courses for 2011.

We noted internal control deficiencies over the issuance of the gift card prizes, specifically:

- Unwritten policies regarding when and where such gift card prizes could be issued.
- Unwritten policies regarding authorization of issuance of the gift card prizes.
- Issuances of gift card prizes which lacked sufficient documentation to identify the prize recipients, reason for the issuance, the associated event, and authorization. Our sample testing revealed issuance of approximately $4,000 of undocumented gift card prizes at Santa Maria Golf Course.
- A lack of segregation of duties in the custody of the gift cards and authorization to issue.
- Different users of point-of-sale terminals operating under one security code.

Effect: The Commission's facilities may be exposed to lost revenue and misuse of gift cards.

Cause: The Commission's internal controls for issuance of the gift cards is still evolving since it began issuing gift cards in 2008.

Recommendation: The internal controls over the issuance of "comped" gift cards should be strengthened to comply with the best practices described above.

Management's Response & Corrective Action: *The administration has asked our legal counsel, Breazeale, Sachse & Wilson, to evaluate the current practice of issuing BREC gift cards as tournament prizes. The entire gift card process is currently being evaluated and steps will be taken to tighten our internal controls for the issuance of gift cards.*

2011-2 **Interfund borrowing**

Criteria: Interfund borrowings should be repaid in a timely manner. If borrowings are not repaid in a timely manner, then a repayment schedule should be developed and followed. If the borrowings will not be repaid timely or according to an established schedule, then the borrowings/advances should be accounted for as transfers and approved through the budget process.

Condition: The Capital Projects Fund which accounts for the proceeds of 2.05 mills of property tax revenue and is the funding source for the ongoing Capital Improvement Program, has loaned the Capital Enhancement Fund approximately $23 million over the course of the last several years. No repayments on the loan have been made to date and no repayment schedule has been established.

Effect: Projects earmarked for the Capital Improvement Program may be eliminated or delayed due to a lack of funding if repayment of the loan does not occur.

Cause: The construction costs of the parks and facilities of the Imagine Your Parks Program have exceeded the flow of resources into the Construction Enhancement Fund. The $45,000,000 of bonds issued in 2005 was fully utilized by the end of 2009.

Recommendation: The Commission should adopt a repayment schedule for the interfund loan based upon future available resources. Any amounts which will not be repaid should be accounted for as transfers from the Capital Projects Fund to the Capital Projects Enhancement Fund. Such transfers may require budget amendment and Commission approval.

Management's Response & Corrective Action: *The interfund borrowing between the Capital Improvement Fund (CIP) to the Enhancement Construction Fund (ECF) was a practice the former administration began several years ago to fund construction projects in the Imagine Your Parks Plan (IYP Plan) approved by voters in 2004. The funding for the various projects should have been divided accordingly between the two funding sources. It was a part of the IYP Plan to utilize CIP funding in addition to the funding to be provided by the ECF to construct the projects proposed in the IYP Plan. The current administration will be presenting our findings to the Finance Committee and the Commission. A plan to resolve the issue of the interfund loan between the two funds will be included as a part of the report. Interfund borrowing will not be a practice of the current administration without first obtaining Commission approval for said borrowing and a repayment plan will be presented simultaneously with the request.*

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

2010-01	**Inventory Pricing**
Condition:	Several inventory items were noted that reflected no cost.
Recommendation:	Quantity and cost should be entered when inventory items are received. Inventory reports should be reviewed on a monthly basis to examine reasonable cost for each inventory item.
Management's Response & Corrective Action:	*The inventory items are reviewed by the finance division staff employee responsible for maintaining the inventory. Employees responsible for entering the inventory at the various BREC locations have been notified of the importance of entering all the necessary information into the inventory system when processing a shipment. A new procedure has been implemented during the finance review process to make sure the employee's supervisor is notified when there are any errors noted in the inventory system*
Current Status:	The new procedure has been implemented which has resulted in assignment of cost to all inventory items.
2010-02	**Deposit for Highland Road Park Tennis Center**
Condition:	An employee took cash from the Tennis Center's cash receipts and replaced the cash receipts with two of his personal checks. All of the checks were deposited into BREC's bank account. The two personal checks were returned NSF. The shortage was discovered in a timely manner by the revenue clerk. When the NSF checks were returned to BREC, the clerk noticed the name on the check was a BREC employee and alerted the tennis manager. A police report was filed, and the employee was terminated. The employee repaid all of the money owed to BREC. BREC has policies in place for cash receipt procedures, but these policies were not followed in this instance.
Recommendation:	The Commissions policies should be reinforced with employees on an annual basis.
Management's Response & Corrective Action:	*BREC has policies in place prohibiting the type of transaction noted in this finding. The policies are reviewed with all new hires at the time they are hired and when requested by Division Directors special training is provided to their current staff. Staffing limitations prevent an annual review of cash receipt procedures at all BREC location.*
Current Status:	BREC's policies and procedures are operating effectively so as to detect such instances of misappropriation.

RECREATION AND PARK COMMISSION FOR
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2010-03	**Fixed Assets**
Condition:	Fixed asset additions are not being reconciled on a timely basis to capital outlay.
Recommendation:	Fixed asset additions should be reconciled to capital outlay on a monthly basis.
Management's Response & Corrective Action:	*A review is currently underway to determine a better method of tracking and capturing the data needed to reconcile fixed asset additions to capital outlay on a more frequent basis. The method currently being used is cumbersome and labor intensive. Staffing changes during the middle of these compilations this year made it more burdensome than in prior years.*
Current Status:	Improvements to the process have occurred. However, this area is complex and will continue to be evaluated.