RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2012

P&N Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2012

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

TABLE OF CONTENTS

P&N Postlethwaite & Netterville
A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate non-major funds of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) as of and for the year ended December 31, 2012, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate non-major funds of the Recreation and Park Commission for the Parish of East Baton Rouge as of December 31, 2012, the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

8550 United Plaza Blvd, Suite 1001 • Baton Rouge, LA 70809 • Tel: 225.922.4600 • Fax: 225.922.4611

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the Schedule of Funding Progress and Employer Contributions for its Post-Employment Benefit Plan presented on pages 3 through 8, pages 37 through 38, and page 39, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 27, 2013 on our consideration of the Recreation and Park Commission for the Parish of East Baton Rouge's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Postlethwaite + Netterville

Baton Rouge, Louisiana
June 27, 2013

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2012

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

Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts.

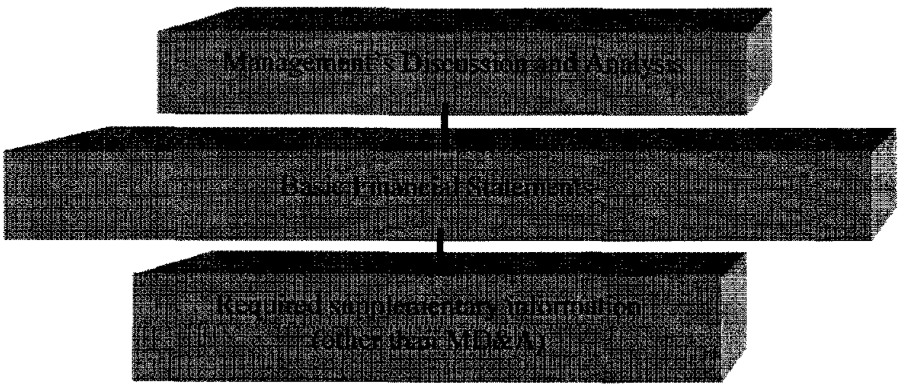
FINANCIAL HIGHLIGHTS

- ★ Assets and deferred outflows of the Recreation and Park Commission exceeded its liabilities and deferred inflows on December 31, 2012 by $167,276,879 (net position). Of this amount, $28,106,025 (unrestricted net position) may be used to meet ongoing obligations to our creditors.

- ★ As of December 31, 2012, the governmental funds reported combined ending fund balances of $70,679,627, an increase of $20,745,569 in comparison with the prior year. Approximately 22% of this total amount, $15,711,968 is available for spending at the Commission's discretion (unassigned fund balance of the General Fund).

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

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

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

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

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

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

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

Proprietary funds. *Proprietary funds* consist of internal service funds and are an accounting device used to accumulate and allocate costs internally among the Commission's various functions. The Commission uses internal service funds to account for its employee benefits, risk management, unemployment and print shop activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities section in the government-wide financial statements. Combining statements of the internal service funds can be found in the combining statements following the basic financial statements.

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

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF DECEMBER 31, 2012

FINANCIAL ANALYSIS OF THE ENTITY

The following table reflects the condensed Statement of Net Position for 2012, 2011, and 2010:

Condensed Statements of Net Position
as of December 31, 2012, 2011 and 2010

	2012	2011	2010
Assets			
Current and other assets	$ 83,229,845	$ 64,155,293	$ 64,603,999
Restricted assets	2,158,108	1,680,634	1,645,308
Capital assets	148,795,813	143,723,445	137,400,720
Total assets	234,183,766	209,559,372	203,650,027
Deferred outflows	2,903,813	-	-
Liabilities			
Current liabilities	11,058,767	16,535,921	18,304,558
Long-term liabilities	58,751,933	40,432,726	41,356,939
Total liabilities	69,810,700	56,968,647	59,661,497
Deferred inflows	-	-	-
Net position			
Invested in capital assets, net of debt	111,570,813	108,263,806	100,405,720
Restricted	18,862,466	10,262,802	13,777,528
Unrestricted	36,843,600	34,064,117	27,699,240
Total net position	$ 167,276,879	$ 152,590,725	$ 141,882,488

- Approximately 67% of the Commission's net position as of December 31, 2012 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 11% of the Commission's net position is subject to external restrictions.

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

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2012

The following table provides a summary of the changes in net position for the years ended 2012, 2011, and 2010:

Condensed Statements of Revenues and Expenses
For the Years Ended December 31, 2012, 2011 and 2010

	2012	2011	2010
Revenues			
Program revenues			
Charges for services	$ 9,340,338	$ 9,360,827	$ 8,783,915
Capital grants and contributions	2,012,064	-	-
Other	557,825	303,144	165,562
General revenues			
Ad Valorem Tax	49,854,015	48,663,696	47,450,552
State Revenue Sharing	1,516,808	1,555,032	1,559,593
Other General Revenues	1,922,621	1,372,762	1,455,431
	65,203,671	61,255,461	59,415,053
Expenses			
Administration and Planning	17,177,097	17,844,833	15,349,685
Maintenance Department Operations	8,067,429	9,215,771	9,639,287
Recreation Program Operations	12,343,197	12,452,681	13,165,440
Golf Operations	5,108,183	5,471,690	5,440,484
Aquatics and Therapeutics	1,517,895	1,745,665	379,423
Zoo Operations	4,074,084	4,415,135	4,193,899
Interest on long-term debt	1,847,341	1,687,279	1,748,219
	50,135,226	52,833,054	49,916,437
Excess of revenues over (expenses)	15,068,445	8,422,407	9,498,616
Net position, beginning of year, as restated for 2012	152,208,434	144,168,318	134,489,914
Net position, end of year	$ 167,276,879	$ 152,590,725	$ 143,988,530

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF DECEMBER 31, 2012

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 $15,711,968 while total fund balance of the general fund reached $30,179,586. Compared with total general fund balance of $24,689,880 at the end of 2011, fund balance increased $5,489,706 during 2012. Key factors contributing to this increase was additional revenue of approximately $1,000,000 in ad valorem taxes and decreases in expenses now accounted for through internal service funds as well as concerted efforts by the Commission to reduce expenses.

The Louisiana Local Government Budget Act requires that the Commission adopt budget amendments whenever revenue collections fail to meet projections by more than 5%; or when actual projected expenditures exceed budgeted expenditures by more than 5%; or when actual beginning fund balance fails to meet estimated beginning fund balance by more than 5% if fund balance is being used to fund current year expenditures. The budget amendments described in the next paragraph were made in 2012 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 $42,104,000. It was amended to $42,672,479 in December 2012 to more accurately reflect actual revenues being experienced in 2012. Recreation Activity Fee Revenue was decreased by approximately $392,000 while ad valorem tax revenues were increased by $812,000. Actual General Fund revenues were $42,651,972, in total; essentially equal to the budget. Noteworthy variances for revenue items within the general fund were recreational activity fees of $223,061 below budget and donations and other miscellaneous revenues that were $105,163 above budget.

After amendments were made to recreational programs and the maintenance department budgets, the final General Fund expenditure budget was $37,953,834. Actual general fund expenditures were $38,038,872 for the year ended December 31, 2012, which were $85,038 more than the budgeted amount (as amended).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Commission's capital assets as of December 31, 2012 total $148,795,813 (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 40% of the original book value of all capital assets, and approximately 47% of depreciable capital assets. Capital asset additions in 2012 were $33,566,231, or approximately 23% of the book value of all capital assets.

Capital Assets at December 31
(Net of Depreciation)

	2012	2011	2010
Land	$ 29,314,877	$ 29,314,877	$ 28,236,714
Construction in progress	9,090,305	17,586,658	21,367,978
Moveable Property and Equipment	2,924,235	3,244,643	3,723,566
Immoveable Property	107,466,396	93,577,267	84,072,462
Totals	$ 148,795,813	$ 143,723,445	$ 137,400,720

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 1.99 mills which the Commission has traditionally used for its on-going Capital Improvement Program. This fund operates on a pay-as-you-go basis. Total expenditures in 2012 of the Capital Projects Fund were $5,913,195. The second fund is the Capital Projects Enhancement Fund, which accounts for the proceeds of a property tax of 3.158 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 and from proceeds of the $13,000,000 2012B bond issue. Total expenditures in 2012 of the Capital Projects Enhancement Fund were $3,494,663. The combined total expenditures of the two funds in 2011 were $9,407,858.

Major capital projects during the 2012 fiscal year included the following construction and renovation projects:

- *Independence Park*: A total of $1.7 million was spent in 2012 for improvements to roads and parking lots at Independence Park. A total of $1.5 million was spent in 2012 for improvements to the tennis facilities.

- *Greenwood Park*: A total of $8.9 million was spent in 2012 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.

- *Highland Road Park:* A total of $2.3 million was spent in 2012 for improvements to roads and parking lots at Highland Road Park.

- *Perkins Road Gym:* A total of $3.4 million was spent in 2012 for construction of a new gym and improvements at Perkins Road Park. The Baton Rouge Basketball and Volleyball Association contributed approximately $2 million toward the cost of the project and the rest was funded by the Commission.

Long-term debt

At the end of the calendar year 2011, the Commission had total bonded debt outstanding of $35,215,000. This debt was secured by 3.158 mills of ad valorem taxes having a term of 20 years. During 2012, the Commission advance refunded $27,335,000 of the bonded debt to take advantage of lower interest rates. The total bonded debt outstanding as of December 31, 2012 was $50,225,000 which reflects the issuance of 2012A refunding bonds in the amount of $31,190,000 and 2012B bonds in the amount $13,000,000.

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 2013 budget:

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

REQUESTS FOR INFORMATION

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

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

STATEMENT OF NET POSITION
DECEMBER 31, 2012

ASSETS AND DEFERRED OUTFLOWS

ASSETS		
Cash and cash equivalents	$	29,412,476
Accounts receivable		1,062,457
Ad valorem taxes receivable, net		49,486,066
Investment securities		2,638,451
Inventory		630,395
Restricted cash and cash equivalents		2,158,108
Capital assets - non-depreciable		38,405,182
Capital assets - depreciable, net		110,390,631
		234,183,766
DEFERRED OUTFLOWS		
Loss on debt refunding		2,903,813
TOTAL ASSETS AND DEFERRED OUTFLOWS	$	237,087,579

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

LIABILITIES		
Accounts payable		3,072,689
Accrued expenses payable		746,122
Note payable		7,000,000
Amounts held for others		110,041
Unearned revenues		129,915
Non-current liabilities		
Due within one year		5,858,474
Due in more than one year		52,893,459
TOTAL LIABILITIES		69,810,700
DEFERRED INFLOWS		-
NET POSITION		
Invested in capital assets, net of related debt		111,570,813
Restricted		
Capital projects		16,704,358
Debt service		2,058,108
Other		100,000
Unrestricted		36,843,600
TOTAL NET POSITION	$	167,276,879

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

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Expenses	Charges for Services	Capital Grants and Contributions	Total Governmental Activities
Functions/Programs				
Governmental activities				
Adminstration and planning	$ 17,177,097	-	$ -	$ (17,177,097)
Maintenance department operations	8,067,429	-	-	(8,067,429)
Recreation program operations	12,343,197	3,612,241	2,012,064	(6,718,892)
Golf operations	5,108,183	3,429,078	-	(1,679,105)
Zoo operations	4,074,084	2,221,114	-	(1,852,970)
Aquatics and therapeutics	1,517,895	77,905	-	(1,439,990)
Interest Expense	1,847,341	-	-	(1,847,341)
	$ 50,135,226	$ 9,340,338	2,012,064	$ (38,782,824)

General Revenues	
Property taxes	49,854,015
State revenue sharing	1,516,808
Earnings on investments	496,291
Donations and miscellaneous	853,406
Bond premium amortization	572,924
Other	557,825
Total general revenues	53,851,269
Change in Net Postion	15,068,445
Net Position - December 31, 2011 (restated)	152,208,434
Net Position - December 31, 2012	$ 167,276,879

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

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

GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2012

	General Fund	Special Revenue Enhancement Fund	Debt Service Fund	Capital Projects Fund	Capital Projects Enhancement Fund	Total
ASSETS						
Cash and cash equivalents	$ 8,565,786	$ 4,162,688	$ -	$ 2,497,284	$ 12,997,159	$ 28,222,917
Accounts receivable	845,323	-	-	210,975	6,160	1,062,458
Ad valorem taxes receivable	31,337,599	5,132,223	-	7,014,801	6,001,443	49,486,066
Investment securities	-	-	-	2,638,451	-	2,638,451
Inventory	512,655	-	-	117,740	-	630,395
Due from other funds	973	-	-	-	-	973
Restricted cash and cash equivalents	-	-	2,058,108	-	-	2,058,108
TOTAL ASSETS	41,262,336	9,294,911	2,058,108	12,479,251	19,004,762	84,099,368
DEFERRED OUTFLOWS	-	-	-	-	-	-
TOTAL ASSETS DEFERRED OUTFLOWS	$ 41,262,336	$ 9,294,911	$ 2,058,108	$ 12,479,251	$ 19,004,762	$ 84,099,368
LIABILITIES						
Accounts payable	1,676,989	244,900	-	506,821	451,810	2,880,520
Accrued expenses payable	504,076	1,000	-	16,000	15,000	536,076
Note payable	7,000,000	-	-	-	-	7,000,000
Amounts held for others	23,269	24,926	-	15,196	46,650	110,041
Unearned revenues	129,915	-	-	-	-	129,915
Due to other funds	-	-	-	-	973	973
TOTAL LIABILITIES	9,334,249	270,826	-	538,017	514,433	10,657,525
DEFERRED INFLOWS	1,748,501	286,510	-	391,787	335,418	2,762,216
FUND BALANCE						
Nonspendable	512,655	-	-	117,740	-	630,395
Spendable:						
Restricted	-	-	2,058,108	11,431,707	18,154,911	31,644,726
Committed	1,342,965	-	-	-	-	1,342,965
Assigned	12,611,998	8,737,575	-	-	-	21,349,573
Unassigned	15,711,968	-	-	-	-	15,711,968
TOTAL FUND BALANCE	30,179,586	8,737,575	2,058,108	11,549,447	18,154,911	70,679,627
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	$ 41,262,336	$ 9,294,911	$ 2,058,108	$ 12,479,251	$ 19,004,762	$ 84,099,368

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

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012

Total Fund Balances at December 31, 2012 - Governmental Funds		$ 70,679,627
Cost of capital assets at December 31, 2012	$ 245,156,507	
Less: Accumulated Depreciation as of December 31, 2012	(96,360,694)	148,795,813
Deferred inflows at December 31, 2012 (property tax not available)		2,762,216
Deferred outflows at December 31, 2012 (loss on bond refunding)		2,903,813
Consolidation of internal service funds		(444,087)
Accrued interest on bonds payable		(208,046)
Long-term liabilities at December 31, 2012:		
Bonds payable	(50,225,000)	
Compensated absences payable	(4,670,863)	
Bond premium	(104,497)	
Net other post-employment benefit obligation - unfunded actuarial accrued liability	$ (2,212,097)	(57,212,457)
Total net position at December 31, 2012 - Governmental Activities		$ 167,276,879

The accompanying notes are an integral part of this statement.

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

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Special Revenue Enhancement Fund	Debt Service Fund	Capital Projects Fund	Capital Projects Enhancement Fund	Total
REVENUES						
Local sources:						
Ad valorem taxes	$ 31,511,817	$ 5,018,637	$ -	$ 7,053,367	$ 6,355,708	$ 49,939,529
Recreation activity fees	9,340,338	-	-	-	-	9,340,338
Earnings on investments	150,866	41,705	1,483	263,357	33,642	491,053
Donations and miscellaneous	291,683	-	-	285,758	85,340	662,781
State sources:						
Revenue sharing	1,230,055	-	-	286,753	-	1,516,808
Restricted grants-in-aid	127,213	-	-	420,513	10,099	557,825
TOTAL REVENUES	42,651,972	5,060,342	1,483	8,309,748	6,484,789	62,508,334
EXPENDITURES						
Current:						
Administrative and planning	12,512,738	1,591,632	190,149	118,604	240,599	14,653,722
Maintenance department operations	7,634,982	-	-	-	-	7,634,982
Recreation program operations	7,366,934	-	-	-	-	7,366,934
Golf operations	4,046,179	-	-	-	-	4,046,179
Zoo operations	3,637,656	-	-	-	-	3,637,656
Aquatics and therapeutics	1,477,552	-	-	-	-	1,477,552
Debt service	-	-	2,996,009	-	-	2,996,009
Capital outlay	1,362,831	-	-	5,794,591	3,254,064	10,411,486
TOTAL EXPENDITURES	38,038,872	1,591,632	3,186,158	5,913,195	3,494,663	52,224,520
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,613,100	3,468,710	(3,184,675)	2,396,553	2,990,126	10,283,814
OTHER FINANCING SOURCES (USES)						
Advance refunding	-	-	(31,004,851)	-	-	(31,004,851)
Bond proceeds	-	-	31,190,000	-	13,000,000	44,190,000
Transfers out	(2,723,394)	(9,812,511)	-	(23,521,345)	(3,477,000)	(39,534,250)
Transfers in	3,600,000	-	3,477,000	-	29,733,856	36,810,856
TOTAL OTHER FINANCING SOURCES (USES)	876,606	(9,812,511)	3,662,149	(23,521,345)	39,256,856	10,461,755
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	5,489,706	(6,343,801)	477,474	(21,124,792)	42,246,982	20,745,569
Fund Balance, December 31, 2011	24,689,880	15,081,376	1,580,634	32,674,239	(24,092,071)	49,934,058
FUND BALANCE, DECEMBER 31, 2012	$ 30,179,586	$ 8,737,575	$ 2,058,108	$ 11,549,447	$ 18,154,911	$ 70,679,627

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

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

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, 2012

Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds		$ 20,745,569
Capital Assets:		
Capital outlay and other expenditures capitalized	$ 12,863,065	
Loss on disposal of property	(26,186)	
Depreciation expense for year ended December 31, 2012	(7,764,511)	5,072,368
Change in deferred inflows and outflows		2,818,299
Change in net position of internal service fund		1,095,922
Long Term Debt:		
Bond issuance proceeds	(44,190,000)	
Principal portion of debt service payments and redemptions	29,180,000	
Change in post-employment benefit obligation	(497,318)	
Bond discount current amortization	572,924	
Change in accrued interest on long-term debt	69,706	
Change in compensated absences payable	$ 200,975	(14,663,713)
Change in Net Assets - Governmental Activities		$ 15,068,445

The accompanying notes are an integral part of this statement.

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

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINED STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Total Internal Service Funds
ASSETS	
Current:	
Cash and cash equivalents	$ 1,189,559
Certificates of deposit	100,000
TOTAL ASSETS	1,289,559
DEFERRED OUTFLOWS	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 1,289,559
LIABILITIES	
Liabilities:	
Current:	
Accounts payable	192,169
Accrued expenses	2,000
Claims payable	357,131
	551,300
Long-term:	
Claims payable	1,182,346
TOTAL LIABILITIES	1,733,646
DEFERRED INFLOWS	-
NET POSITION	(444,087)
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	$ 1,289,559

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

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

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012

	Total Internal Service Funds
OPERATING REVENUES	
Premiums received	$ 4,087,116
Printshop charges	85,705
TOTAL OPERATING REVENUE	4,172,821
OPERATING EXPENSES	
Claims expense	4,311,346
Insurance premiums	380,447
Personnel expenses	124,144
Materials and supplies	69,164
Administrative fees	920,430
TOTAL OPERATING EXPENSES	5,805,531
NET OPERATING LOSS	(1,632,710)
NON-OPERATING REVENUES	
Interest income	5,238
TOTAL NON-OPERATING REVENUES	5,238
LOSS BEFORE TRANSFERS	(1,627,472)
Transfers in	2,723,394
CHANGE IN NET POSITION	1,095,922
NET POSITION at DECEMBER 31, 2011	(1,540,009)
NET POSITION at DECEMBER 31, 2012	$ (444,087)

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

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

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash premiums received	$ 4,087,116
Printshop charges received	85,705
Cash paid in claims and premiums	(3,018,215)
Cash paid for expenses	(1,053,670)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	100,936
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Interfund transfers and advances	2,723,394
Allocation of prior year fund balance	(1,540,009)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,183,385
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	5,238
NET CASH PROVIDED BY INVESTING ACTIVITIES	5,238
NET CHANGE IN CASH	1,289,559
Cash at beginning of year	-
CASH AT END OF YEAR	$ 1,289,559
Reconciliation of change in net position to net cash provided by (used in) operating activities	
Net operating loss	(1,632,710)
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:	
Changes in:	
Accounts payable	194,169
Claims payable	1,539,477
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 100,936

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

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, as amended by GASB 61, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Commission is considered a *primary government*, since it is a special purpose government that is legally separate and is fiscally independent of other state or local governments. As used in GASB Statement 14 (as amended by GASB 61) fiscally independent means that the Commission may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Commission has no *component units*, as defined by the GASB or other legally separate organizations for which the Commission members are financially accountable. With the exception of the City-Parish Government of East Baton Rouge which is considered to be a related entity as defined by the GASB, there are no other primary governments with which the Commission has a significant relationship.

B. BASIS OF PRESENTATION AND ACCOUNTING

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

The Commission adopted Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. Collectively, these statements changed the government-wide and proprietary fund statements of net assets from three elements to five, adding deferred outflows and deferred inflows and renamed it as the statement of net position. Certain items previously reported as assets and liabilities such as loan organization fees and non-exchange revenue for future periods are reclassified to deferred outflows or inflows, or are no longer carried on the statement of net position.

Government-Wide Financial Statements (GWFS)

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

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

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Government-Wide Financial Statements (GWFS) (continued)

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated by function for financial reporting in this Statement. Program revenues include 1) charges to customers who purchase or use goods and services provided by a given function or segment, and 2) grants that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items not 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 proprietary. In turn, each category is divided into separate fund types.

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

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

Special Revenue Enhancement Fund is used to account for the proceeds of a 1.456 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 1.702 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Fund Financial Statements (FFS) (continued)

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

Revenues

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

Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

Expenditures

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

Vendor payments are recorded as the obligation is incurred.

Proprietary funds are used to account for activities whose costs are intended to be covered through service charges or transaction related fees. Two types of proprietary funds are utilized under GASB: Enterprise funds and Internal Service funds. The commission has no Enterprise Funds. As a proprietary fund, the internal service fund utilizes the accrual basis of accounting similar to that used in the private sector. Revenues are recognized when earned and measurable and expenditures are recognized when incurred.

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

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

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.

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

D. ELIMINATION AND RECLASSIFICATIONS

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

E. INVENTORY

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

F. CAPITAL ASSETS

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

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

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

G. COMPENSATED ABSENCES

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

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

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

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

G. COMPENSATED ABSENCES (continued)

The cost of leave privileges is recognized as a current-year payroll expenditure in the General Fund when leave is actually taken, or when employees (or their heirs) are paid for accrued unused leave. In the government-wide financial statements the total compensated absences liability is recorded as 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 POSITION

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

I. FUND EQUITY OF FUND FINANCIAL STATEMENTS.

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below in accordance with Governmental Accounting Standards Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.*

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

Spendable

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. FUND EQUITY OF FUND FINANCIAL STATEMENTS (continued)

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.

M. ENCUMBRANCES

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

N. 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 Position 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. LONG-TERM OBLIGATIONS

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

In the government-wide statement of net position, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, issuance costs, and gains (losses) on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

2. PROPERTY TAXES

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

The 2012 property tax calendar was as follows:

Millage rates adopted	June 28, 2012
Levy date	June 28, 2012
Tax bills mailed	November 30, 2012
Due date	December 31, 2012
Lien date	June 1, 2013

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

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

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

2. PROPERTY TAXES (continued)

The authorized and levied millage consisted of the following for 2012:

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

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	$ 31,813,703	$ 476,104	$ 31,337,599
Capital Projects Fund	7,121,403	106,602	7,014,801
Capital Projects Enhancement Fund	6,090,820	89,377	6,001,443
Special Revenue Enhancement Fund	5,210,379	78,156	5,132,223
	$ 50,236,305	$ 750,239	$ 49,486,066

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	$ 29,412,476	$ 28,517,249
Restricted cash and cash equivalents	2,158,108	3,616,626
	$ 31,570,584	$ 32,133,875

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, 2012.

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	$ 21,060
Interest-bearing demand deposits	31,315,270
Money markets	134,254
Time deposits	100,000
	$ 31,570,584

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

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, 2012 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, 2012. The Commission's investments at December 31, 2012 consisted of equity securities with a carrying amount and fair value of $2,638,451.

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 – Debt Securities

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 has no debt securities subject to credit risk disclosures at December 31, 2012.

Concentration

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 position, nor does the Commission hold more than five percent of any corporation's stock at December 31, 2012.

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2012 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 29,314,877	$ -	$ -	$ 29,314,877
Construction in progress	17,586,658	12,206,813	20,703,166	9,090,305
Total capital assets, not depreciated	46,901,535	12,206,813	20,703,166	38,405,182
Capital Assets Being Depreciated				
Immovable property	169,228,424	20,703,166	199,267	189,732,323
Moveable property and equipment	16,472,844	656,252	110,094	17,019,002
Total capital assets, not depreciated	185,701,268	21,359,418	309,361	206,751,325
Less Accumulated Depreciation For				
Immovable property	75,651,157	6,799,000	184,230	82,265,927
Moveable property and equipment	13,228,201	965,511	98,945	14,094,767
	88,879,358	7,764,511	283,175	96,360,694
Total Capital Assets Being Depreciated (net)	96,821,910	13,594,907	26,186	110,390,631
Total Capital Assets (net)	$ 143,723,445	$ 25,801,720	$ 20,729,352	$ 148,795,813

Depreciation expense for 2012 is charged to the following functions in the statement of activities:

Administrative and planning	$ 817,026
Maintenance department operations	432,447
Recreation, program operations	4,976,263
Golf	1,062,004
Zoo	436,428
Aquatics and Therapeutics	40,343
	$ 7,764,511

5. RETIREMENT SYSTEMS

A. DEFINED BENEFIT PLANS

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

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

5. **RETIREMENT SYSTEMS** (continued)

A. DEFINED BENEFIT PLANS (continued)

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

The board of trustees of the Retirement System was created by the City of Baton Rouge and the Parish of East Baton Rouge Plan of Government to administer the assets of the system, and is composed of seven members. Four of the trustees are members of the Retirement System. The remaining membership of the board consists of the 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 28.56% 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
2012	28.56	$ 1,751,488	$ 3,930,356
2011	27.66	1,457,563	4,246,110
2010	24.93	1,115,412	2,927,107

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	$180,789

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, 2012.

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

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

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

For the fiscal year ending December 31, 2012, the Commission's portion of health care and life insurance cost funded for retired employees totaled $453,147. 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, 2012 is $981,040, as set forth below:

Normal cost	$	318,065
30-year UAL amortization amount		662,975
Annual required contribution (ARC)	$	981,040

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, 2012:

Beginning net OPEB obligation 01/01/12	$	1,714,779
Annual required contribution		981,040
Interest on net OPEB obligation		68,591
ARC adjustment		(99,166)
OPEB cost		950,465
Contribution (current year retiree premium		(453,147)
Change in net OPEB obligation		497,318
Beginning net OPEB obligation 12/31/12	$	2,212,097

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, 2012	$ 950,465	48%	$ 2,212,097
Medical and Life	December 31, 2011	$ 649,699	65%	$ 1,714,779
Medical and Life	December 31, 2010	$ 627,378	67%	$ 1,485,660

Funded Status and Funding Progress. As of December 31, 2012, the Actuarial Accrued Liability (AAL) was $11,922,810. Since the plan had no assets as of December 31, 2012, the entire actuarial accrued liability was unfunded as of that date.

Actuarial accrued liability (AAL)	$	11,922,810
Actuarial value of plan assets (AVP)		-
Unfunded act. Accrued liability (UAAL)	$	11,922,810
Funded ratio (AVP/AAL)		0%
Covered payroll (active plan members)	$	16,453,160
UAAL as a percentage of covered payroll		72.47%

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, 2012, the Commission had an outstanding tax anticipation note payable for $7,000,000. The original note date was November 15, 2012 and matures on March 1, 2013. The interest rate is 0.74%. The note is secured by a pledge of all revenues for 2012. Total interest expense on short-term borrowings for 2012 was $14,396.

8. **LONG-TERM LIABILITIES**

The following is a summary of the changes in general long-term obligations for the year ended December 31, 2012:

	Beginning of Year Balance	Additions	Deductions	End of Year Balance
Tax revenue bonds	$ 35,215,000	$ 44,190,000	($ 29,180,000)	$ 50,225,000
Compensated absences payable	4,871,838	2,470,536	(2,671,511)	4,670,863
Bond premium	677,420	-	(572,924)	104,496
Net other post employment obligation	1,714,779	497,318	(-)	2,212,097
Claims payable	1,074,180	465,297	(-)	1,539,477
Total	$ 43,553,217	$ 47,623,151	($ 32,424,435)	$ 58,751,933

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, 2012:

	Current	Long-Term
Tax revenue bonds	$ 3,065,000	$ 47,160,000
Compensated absences payable	2,393,103	2,277,760
Bond premium	43,240	61,256
Net other post employment obligation	-	2,212,097
Claims payable	357,131	1,182,346
Total	$ 5,858,474	$ 52,893,459

As of the beginning of the year, the Commission's bonds payable consisted 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. In August, 2012 the Commission issued $31,190,000 of taxable refunding bonds, Series 2012A, for the purpose of advance refunding $27,335,000 of the Series 2005 bonds maturing May, 2025 and paying the costs of issuance. The advance refunding bonds are due in annual installments through May, 2025 at an interest rate of 2.13%. At December 31, 2012, the Series 2005 bonds had a remaining balance of $6,035,000 due in annual installments through May, 2015.

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

The proceeds of the refunding bonds were placed into escrow and invested in risk-free U.S. Government Securities. Accordingly, the refunded portion of the 2005 Tax Revenue Bonds have been removed from the Commissions' Statement of Net Position.

Sources and uses of the refunding issue are summarized as follows:

Sources and Uses of Funds:	
Sources:	
Par value of bonds	$ 31,190,000
	$ 31,190,000
Uses:	
Cost of the escrowed securities	$ 31,004,851
Issuance costs	185,149
	$ 31,190,000
Cash Flow Difference:	
Total of payments under old debt (if not refunded)	$ 45,648,738
Total of payments under new debt	(43,210,404)
Cash flow difference	$ 2,438,334
Economic Gain on Refunding:	
Present value of old debt service cash flows	$ 33,350,121
Present value of new debt service cash flows	31,190,000
Economic gain	$ 2,160,121

In connection with the refunding, the Commission paid an up-front cost that resulted in an accounting loss which will be systematically recognized over the life of the refunded bonds and which is recognized as deferred outflow in the amount of $3,001,256 on the entity-wide financial statements. As of December 31, 2012, $97,443 of the deferred outflow was amortized resulting in a deferred amount on refunding of $2,903,813 on the entity-wide statement of net position as of December 31, 2012.

In October, 2012, the Commission issued $13,000,000 of Series 2012B Limited Ad Valorem Tax Revenue Bonds. The bonds are due in annual installments through May, 2025 at an interest rate of 2.13%.

Bonds outstanding were as follows at December 31, 2012:

	Date of Issue	Original Balance	Ending Balance
Series 2005 Tax Revenue Bonds 4.68%	March 30, 2005	$ 45,000,000	$ 6,035,000
Series 2012 A Tax Revenue Refunding Bonds 2.13%	August 2, 2012	31,190,000	31,190,000
Series 2012 B Tax Revenue Bonds 2.13%	November 6, 2012	3,000,000	13,000,000
		$ 79,190,000	$ 50,225,000

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

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

Year Ending December 31,	Principal	Interest	Total
2013	$ 3,065,000	$ 1,188,150	$ 4,253,150
2014	3,430,000	1,062,654	4,492,654
2015	3,565,000	926,398	4,491,398
2016	3,645,000	816,695	4,461,695
2017	3,725,000	738,205	4,463,205
2018-2022	19,845,000	2,453,813	22,298,813
2023-2025	12,950,000	417,480	13,367,480
	$ 50,225,000	$ 7,603,395	$ 57,828,395

Legal Debt Margin – General Obligation Bonds

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

Ad valorem taxes:	
Assessed valuation, 2012 tax rolls	$ 4,256,055,846
Debt limit: 10% of assessed valuation	$ 425,605,585

Outstanding bonds of $50,225,000 were secured by ad valorem tax revenues as of December 31, 2012 resulting in a remaining debt capacity of $375,380,585.

9. **INTERFUND TRANSACTIONS**

Interfund receivable/payable:

	Interfund Receivable	Interfund Payable
General Fund	$ 973	$ -
Capital Projects Enhancement Fund	-	973
Total	$ 973	$ 973

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

Transfers:

	Transfers Out	Transfers In
General Fund	$ 2,723,394	$ 3,600,000
Debt Service Fund	-	3,477,000
Capital Projects Fund	23,521,345	-
Special Revenue Enhancement Fund	9,812,511	-
Capital Projects Enhancement Fund	3,477,000	29,733,856
Employee Benefits Fund	-	402,300
Risk Management Fund	-	2,105,500
Unemployment Fund	-	108,000
Print Shop Fund	-	107,594
Total	$ 39,534,250	$ 39,534,250

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

13. DEFICIT NET ASSET BALANCES

At December 31, 2012, the Employee Benefit and Risk Management Internal Service Funds had deficit net position balances. These balances will be funded through future revenues from the General Fund.

14. CHANGE IN ACCOUNTING POLICY

The beginning net position for the Government-Wide financial statements has been restated as a result of newly implemented GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. Changes are summarized as follows:

Net position, beginning of year, as previously stated	$ 152,590,725
Deferred bond issuance costs (no longer carried on statement of net position)	(382,291)
Net position, beginning of year, restated	$ 152,208,434

The beginning fund balance for the General Fund has been restated as a result of a change in the presentation of the Employee Benefits Internal Service Fund. The changes are summarized as follows:

Fund balance, beginning of year, as previously stated	$ 24,224,051
Fund balance of Employee Benefits as designated at December 31, 2011	465,829
Fund balance, beginning of year, restated	$ 24,689,880

15. SUBSEQUENT EVENTS

Management has evaluated events through the date that the financial statements were available to be issued, June 27, 2013, and determined that no subsequent events occurred that required disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

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, 2012

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:				
Ad valorem taxes	$ 30,700,000	$ 31,512,000	$ 31,511,817	$ (183)
Recreation activity fees	9,955,000	9,563,399	9,340,338	(223,061)
Earnings on investments	110,000	150,870	150,866	(4)
Donations and miscellaneous	59,000	186,520	291,683	105,163
State sources:				
Revenue sharing	1,280,000	1,259,690	1,357,268	97,578
Total revenues	42,104,000	42,672,479	42,651,972	(20,507)
Expenditures:				
Current:				
Administrative	12,070,600	11,701,674	12,512,738	(811,064)
Recreation programs	18,972,800	18,211,798	17,891,152	320,646
Maintenance department	9,437,400	8,040,362	7,634,982	405,380
Total expenditures	40,480,800	37,953,834	38,038,872	(85,038)
Excess (deficiency) of revenues over expenditures	1,623,200	4,718,645	4,613,100	(105,545)
Other financing sources (uses):				
Operating transfers in (net)	2,577,440	868,098	876,606	8,508
Total other financing sources (uses)	2,577,440	868,098	876,606	8,508
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	4,200,640	5,586,743	5,489,706	(97,037)
Fund balances, December 31, 2011	24,689,880	24,689,880	24,689,880	-
FUND BALANCES, DECEMBER 31, 2012	$ 28,890,520	$ 30,276,623	$ 30,179,586	$ (97,037)

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, 2012

	Special Revenue Enhancement Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:				
Taxes:				
Ad valorem	$ 5,027,300	$ 5,122,800	$ 5,018,637	$ (104,163)
Earnings on investments	65,000	42,000	41,705	(295)
Total revenues	5,092,300	5,164,800	5,060,342	(104,458)
Expenditures:				
Current:				
Administrative	1,850,000	1,825,000	1,591,632	233,368
Total expenditures	1,850,000	1,825,000	1,591,632	233,368
Excess (deficiency) of revenues over expenditures	3,242,300	3,339,800	3,468,710	128,910
Other financing sources (uses):				
Operating transfers out	(10,055,000)	(10,055,000)	(9,812,511)	242,489
Total other financing sources (uses)	(10,055,000)	(10,055,000)	(9,812,511)	242,489
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	(6,812,700)	(6,715,200)	(6,343,801)	371,399
Fund balances, December 31, 2011	13,966,000	13,966,000	15,081,376	1,115,376
FUND BALANCES, DECEMBER 31, 2012	$ 7,153,300	$ 7,250,800	$ 8,737,575	$ 1,486,775

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, 2012

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)
12/31/2012	1/1/2012	$ -	$ 11,922,810	$ 11,922,810	0.00%	$ 16,453,160	72%
12/31/2011	1/1/2011	-	8,426,776	8,426,776	0.00%	21,862,998	39%
12/31/2010	1/1/2010	-	7,791,028	7,791,028	0.00%	17,280,951	45%
12/31/2009	1/1/2009	-	11,138,976	11,138,976	0.00%	16,662,262	67%
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
12/31/2012	$ 950,465	$ 453,147	47.68%	$ 497,318	$ 2,212,097
12/31/2011	649,699	420,580	64.73%	229,119	1,714,779
12/31/2010	627,378	420,580	67.04%	206,798	1,485,660
12/31/2009	905,314	303,031	33.47%	602,283	1,278,862
12/31/2008	917,377	240,798	26.25%	676,579	676,579

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

P&N Postlethwaite & Netterville
A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We noted certain other matters regarding internal control over financial reporting that we reported to management of the Commission in a separate letter dated June 27, 2013.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

8550 United Plaza Blvd, Suite 1001 • Baton Rouge, LA 70809 • Tel: 225.922.4600 • Fax: 225.922.4611

Purpose of This Report

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

Postlethwaite + Netterville

Baton Rouge, Louisiana
June 27, 2013

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

None.

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.*

Current Status: Partially resolved. The Commission has revised its policies to require approval by the Golf Director when gift cards are offered as prizes. However, limited testing of such prizes during 2012 revealed that the policy had not been fully implemented during 2012.

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.*
Current Status:	The Commission approved the forgiveness of the interfund loan between the Capital Improvement Fund (CIP) and the Capital Enhancement Construction Fund (IYP), thereby using CIP ad-valorem taxes to fund the IYP program. The forgiveness is accounted for as a reduction of the loan balance in the CIP Fund and a transfer out. This accounting was reciprocated in the IYP Fund.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

REPORT TO MANAGEMENT

DECEMBER 31, 2012

P&N

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

REPORT TO MANAGEMENT

DECEMBER 31, 2012

P&N Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

June 27, 2013

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

In planning and performing our audit of the financial statements of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission or BREC) for the year ended December 31, 2012, we considered the Commission's internal controls over financial reporting and compliance with laws and regulations having a material effect on financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements. Our consideration does not provide assurance on the internal control structure or on compliance.

However, during our audit, we became aware of the following matters that represent opportunities for improving financial reporting, refining policies and procedures and enhancing compliance with laws and regulations. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated June 27, 2013 on the financial statements of the Commission.

A. Union Contract

Condition:

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

Recommendation:

The Commission should memorialize the relationship with the union plans through signed contracts in order to clarify the responsibilities of each party.

Management's Response:

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

B. Capital Assets

Condition:

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

Recommendation:

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

Management's Response:

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

C. Theft of Public Funds

Condition:

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

Recommendation:

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

Management's Response

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

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

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

Sincerely,

Postlethwaite + Netterville

P&N