
RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2015



A Professional Accounting Corporation

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RECREATION AND PARK COMMISSION FOR
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TABLE OF CONTENTS

Page

BASIC FINANCIAL STATEMENTS

Independent Auditors' Report	1 – 2
Required Supplemental Information	
Management's Discussion and Analysis (MD&A)	3 – 8
Basic Financial Statements	
Government-wide Financial Statements (GWFS)	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements (FFS)	
Governmental Funds:	
Balance Sheet	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balance	13 – 14
Reconciliation of the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	15
Internal Service Funds:	
Combining Statement of Net Position	16
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	17
Combining Statement of Cash Flows	18
Notes to the Basic Financial Statements	19 – 47

REQUIRED SUPPLEMENTAL INFORMATION

Budgetary Comparison Schedules	
General Fund	48
Special Revenue Enhancement Fund	49
Other Post Employment Benefits Plan Retiree Health and Life Insurance Programs	
Schedule of Funding Progress and Employer Contributions	50
Schedule of Proportionate Share of the Net Pension Liability – Cost-Sharing Defined Benefit Plan	51
Schedule of Contributions – Cost-Sharing Defined Benefit Plan	52

OTHER SUPPLEMENTAL INFORMATION

Schedule of Compensation Paid to the Head of Commission	53
General Fund Combining Schedules	
Balance Sheet	54
Statement of Revenues, Expenditures, and Changes in Fund Balances	55 – 56

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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 <u>Government Auditing Standards</u>	57 – 58
Schedule of Findings and Responses	59
Summary Schedule of Prior Audit Findings	60 - 62

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) as of and for the year ended December 31, 2015, and the related notes to the financial statements which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Recreation and Park Commission for the Parish of East Baton Rouge as of December 31, 2015 the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the Schedule of Funding Progress and Employer Contributions for its Post-Employment Benefit Plan, the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions presented on pages 3 through 8, pages 48 through 49, page 50, page 51 and page 52 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying Schedule of Compensation Paid to the Head of Commission on page 53 is presented in order to comply with LA R.S. 24:513 and for the purpose of additional analysis and is not a required part of the basic financial statements. The General Fund Combining Schedules are also presented for the purpose of additional analysis and are also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2016 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 + Nethermille

Baton Rouge, Louisiana

June 30, 2016

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, 2015

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.

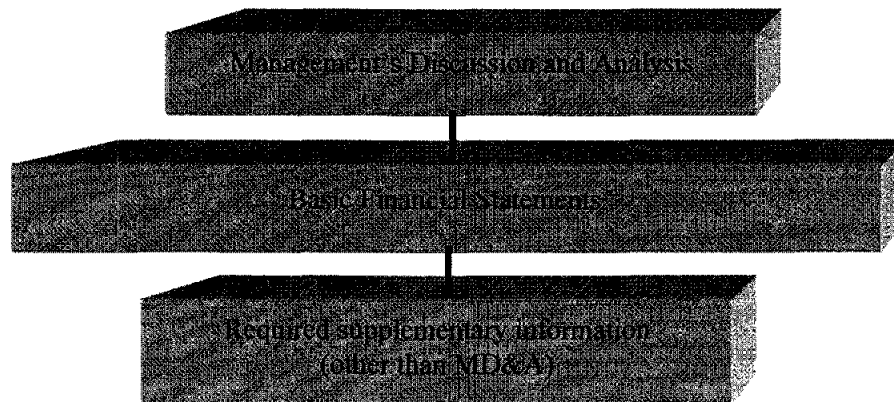
Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts.

FINANCIAL HIGHLIGHTS

- ★ Assets and deferred outflows of the Recreation and Park Commission exceeded its liabilities and deferred inflows on December 31, 2015 by \$172,219,577 (net position). Of this net position amount, \$27,733,438 (unrestricted net position) may be used to meet ongoing obligations to our creditors.
- ★ As of December 31, 2015, the governmental funds reported combined ending fund balances of \$97,399,132, an increase of \$9,462,907 in comparison with the prior year. Approximately 21% of this total amount, \$20,459,148, 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.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2015

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

Fund financial statements. A *fund* is a grouping of related accounts that are used to maintain control 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, Capital Improvements, Enhancement Construction and the Special Revenue Enhancement Funds as major funds.

Proprietary funds. *Proprietary funds* consist of internal service funds and are an accounting device used to accumulate and allocate costs internally among the Commission's various functions. The Commission uses internal service funds to account for its employee benefits, risk management, unemployment and print shop activities. These services benefit the governmental functions of the Commission and they have been included within the governmental activities section in the government-wide financial statements. 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, 2015

FINANCIAL ANALYSIS OF THE ENTITY

The following table reflects the condensed Statement of Net Position for 2015 and, 2014:

Condensed Statements of Net Position as of December 31, 2015 and 2014		
	2015	2014 (as restated)
Assets		
Current and other assets	\$ 111,118,719	\$ 99,835,151
Capital assets	154,378,218	152,240,163
Total assets	<u>265,496,937</u>	<u>252,075,314</u>
Deferred outflows	<u>12,198,836</u>	<u>6,930,917</u>
Liabilities		
Current liabilities	6,298,653	5,783,977
Non-current liabilities		
Due within one year	4,790,862	4,082,636
Due in more than one year	<u>94,386,681</u>	<u>90,796,015</u>
Total liabilities	<u>105,476,196</u>	<u>100,662,628</u>
Deferred inflows	<u>-</u>	<u>-</u>
Net position		
Net investment in capital assets	116,733,364	113,817,710
Restricted	27,752,775	21,778,503
Unrestricted	<u>27,733,438</u>	<u>22,747,390</u>
Total net position	<u>\$ 172,219,577</u>	<u>\$ 158,343,603</u>

- Approximately 68% of the Commission's net position as of December 31, 2015 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.
- During 2015, the Commission adopted Governmental Accounting Standards Board (GASB) Statement Number 68 *Accounting and Financial Reporting for Pension Plans*, an amendment of GASB Statement Number 27 and Statement Number 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* which required the Commission to report a proportionate share of unfunded pension liabilities of the City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System. The adoption of GASBs 68 and 71 resulted in a restatement of the originally reported beginning net position of \$197,935,395. The adjustment decreased the net position by \$39,215,315.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2015

- Another 16% of the Commission's net position is subject to external restrictions.
- The remaining 16% of net position is unrestricted, and may be used to meet ongoing obligations of the Commission to citizens and creditors.

The following table provides a summary of the changes in net position for the years ended 2015, 2014, and 2013:

	2015	2014	2013
Revenues			
Program revenues			
Charges for services	\$ 10,210,255	\$ 9,847,556	\$ 9,851,846
Capital grants and contributions	3,831,733	2,194,210	1,001,959
General revenues			
Ad Valorem Tax	55,898,382	53,455,290	51,342,716
State Revenue Sharing	1,547,958	1,514,173	1,519,327
Other General Revenues	721,920	1,432,093	1,278,698
	<u>72,210,248</u>	<u>68,443,322</u>	<u>64,994,546</u>
Expenses			
Administration and Planning	20,623,392	18,657,562	17,102,907
Maintenance Department Operations	8,982,968	8,427,797	8,127,159
Recreation Program Operations	16,398,448	14,647,490	13,179,513
Golf Operations	5,543,133	5,363,378	5,139,731
Aquatics and Therapeutics	1,196,336	1,335,235	1,601,361
Zoo Operations	4,471,381	4,396,715	3,985,066
Interest on long-term debt	1,118,616	1,226,151	1,397,728
	<u>58,334,274</u>	<u>54,054,328</u>	<u>50,533,465</u>
Excess of revenues over (expenses)	<u>\$ 13,875,974</u>	<u>\$ 14,388,994</u>	<u>\$ 14,461,081</u>

The Commission's revenues are comprised almost entirely of property taxes and service fees for use of facilities and activities. Property taxes experienced a modest 5% increase due to growth of the property tax roles and a slight increase in service fees. The Commission's expenses, overall, increased due to expansion of facilities, and increased recreation and maintenance costs.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2015

FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

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

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

The general fund is the primary operating fund of the Commission. At the end of the current fiscal year, unassigned fund balance of the general fund was \$20,459,148 while total fund balance of the general fund reached \$55,933,480. Compared with total general fund balance of \$50,671,884 at the end of 2014, fund balance increased \$5,261,596 during 2015. The fund balance increase is a result of revenues exceeding expenditures for the year. This fund balance can be used to support general operations.

The Commission's other governmental funds consisting of the Debt Service Fund, the Capital Improvements Fund, the Enhancement Construction Fund and the Special Revenue Enhancement Fund collectively contain \$41,465,652 of fund balance which is either restricted, committed or assigned for various purposes including debt payments and capital improvements, or assigned for certain uses as determined by management. The Commission also maintains an Enhancement Operating Fund that accounts for the portion of a certain millage that is earmarked for operating supplements in accordance with GASB 54 that is combined with the General Fund for presentation.

The Louisiana Local Government Budget Act (the 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. As indicated in the required supplemental information showing the budgeted revenues and expenditures for the General and Special Revenue Enhancement Funds, no budget amendments were adopted and actual revenues and expenditures fell within the parameters set forth within the Act.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Commission's capital assets as of December 31, 2015 total \$154,378,218 (net of accumulated depreciation). Capital assets include land, buildings and improvements, construction in progress, and moveable property consisting of furniture, machinery and equipment. Accumulated depreciation represents approximately 44% of the original book value of all capital assets, and approximately 50% of depreciable capital assets. Capital asset additions in 2015 were \$11,315,521, or approximately 7% of the book value of all capital assets.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2015

Capital Assets at December 31
(Net of Depreciation)

	2015	2014	2013
Land	\$ 29,487,815	\$ 29,487,815	\$ 29,500,805
Construction in progress	5,656,332	5,695,619	5,057,837
Moveable Property and Equipment	3,651,344	2,831,536	3,320,220
Immoveable Property	115,582,727	114,225,193	112,438,074
Totals	<u>\$ 154,378,218</u>	<u>\$ 152,240,163</u>	<u>\$ 150,316,936</u>

The Commission maintains two funds for capital improvement projects. The first is the Capital Improvements Fund, which accounts for the proceeds of a property tax of 2.05 mills which the Commission has traditionally used for its on-going Capital Improvement Program. This fund operates on a pay-as-you-go basis. Total expenditures in 2015 of the Capital Improvements Fund were \$7,364,425. The second fund is the Enhancement Construction Fund, which accounts for a portion of the proceeds of a property tax of 3.253 mills that was approved by the citizenry for funding the operating, maintaining, constructing, the park system in accordance with the Strategic Master Plan. This fund, after utilizing all of the proceeds of a twenty year, \$45,000,000 construction bond, has recently funded its projects from proceeds of the \$13,000,000 2012B bond issue and pay-as-you-go proceeds of the tax. Total expenditures in 2015 of the Enhancement Construction Fund were \$2,571,552. The combined total expenditures of the two capital projects funds were \$9,935,977 and \$10,971,164 in 2015 and 2014, respectively.

Some of the more significant capital improvements during the 2015 fiscal year included construction and renovation projects at the following locations: Central Sports Park, Anna T. Jordan Park, Knock Knock Children's Museum, and Highland Road Community Park.

Long-term debt

At the end of the calendar year 2015, the Commission had total bonded debt outstanding of \$40,165,000, compared to bonded debt outstanding as of December 31, 2014 of \$43,730,000. This decrease reflects principal payments on the bonds and the retirement of the Series 2005 bonds. No debt was issued during 2015. Long-term debt also includes accrued liabilities for net pension liability of \$50,341,635, compensated leave of \$2,693,123, other post-employment benefits of \$3,846,384 and self-insurance claims payable of \$2,131,401.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

East Baton Rouge Parish has experienced modest economic growth in recent years. The following significant assumptions were made in setting the 2016 budget:

- Property tax revenues will again experience modest growth.
- User fees will remain relatively constant.
- Operating expenses will increase modestly due to the increased number of parks and facilities.
- Capital expenditures will continue from available pay-as-you-go tax revenue.

REQUESTS FOR INFORMATION

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

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

STATEMENT OF NET POSITION
DECEMBER 31, 2015

ASSETS AND DEFERRED OUTFLOWS

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 54,173,716
Accounts receivable	1,112,110
Ad valorem taxes receivable, net	55,565,355
Inventory	267,538
Capital assets - non-depreciable	35,144,147
Capital assets - depreciable, net	119,234,071
	<u>265,496,937</u>

DEFERRED OUTFLOWS

Loss on debt refunding	2,202,221
Net pension liability	9,996,615
	<u>12,198,836</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

LIABILITIES

Accounts payable	4,942,896
Accrued expenses payable	932,749
Amounts held for others	228,134
Unearned revenues	194,874
Non-current liabilities	
Due within one year	4,790,862
Due in more than one year	94,386,681
	<u>105,476,196</u>
TOTAL LIABILITIES	<u>105,476,196</u>

DEFERRED INFLOWS

NET POSITION

Net investment in capital assets	116,733,364
Restricted	
Capital projects	22,418,340
Debt service	5,234,435
Other	100,000
Unrestricted	27,733,438
	<u>172,219,577</u>
TOTAL NET POSITION	<u><u>\$ 172,219,577</u></u>

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

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
<u>Functions/Programs</u>				
Governmental activities				
Administration and planning	\$ 20,623,392	\$ -	\$ -	\$ (20,623,392)
Maintenance department operations	8,982,968	-	-	(8,982,968)
Recreation program operations	16,398,448	3,569,361	3,831,733	(8,997,354)
Golf operations	5,543,133	3,499,868	-	(2,043,265)
Zoo operations	4,471,381	2,076,496	-	(2,394,885)
Aquatics and therapeutics	1,196,336	1,064,530	-	(131,806)
Interest Expense	1,118,616	-	-	(1,118,616)
	<u>\$ 58,334,274</u>	<u>\$ 10,210,255</u>	<u>\$ 3,831,733</u>	<u>\$ (44,292,286)</u>
<u>General Revenues</u>				
Property taxes				55,898,382
State revenue sharing				1,547,958
Earnings on investments				303,361
Miscellaneous				418,559
Total general revenues				<u>58,168,260</u>
Change in Net Position				13,875,974
Net Position - December 31, 2014, restated				<u>158,343,603</u>
Net Position - December 31, 2015				<u>\$ 172,219,577</u>

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, 2015**

	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	NON-MAJOR FUND Debt Service Fund	Total
<u>ASSETS</u>						
Cash and cash equivalents	\$ 2,607,266	\$ 25,618,826	\$ 16,114,235	\$ 17,886	\$ 1,211,690	\$ 45,569,903
Accounts receivable	885,091	207,094	-	-	-	1,092,185
Ad valorem taxes receivable	35,191,775	7,875,889	-	12,497,691	-	55,565,355
Inventory	267,538	-	-	-	-	267,538
Due from other funds	22,881,830	117,190	4,737,329	2,893,431	8,666,902	39,296,682
TOTAL ASSETS	61,833,500	33,818,999	20,851,564	15,409,008	9,878,592	141,791,663
<u>DEFERRED OUTFLOWS</u>	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 61,833,500	\$ 33,818,999	\$ 20,851,564	\$ 15,409,008	\$ 9,878,592	\$ 141,791,663
<u>LIABILITIES</u>						
Accounts payable	3,148,204	1,352,893	54,309	355,412	-	4,910,818
Accrued expenses payable	790,163	-	-	-	-	790,163
Amounts held for others	75,781	152,353	-	-	-	228,134
Unearned revenues	194,874	-	-	-	-	194,874
Due to other funds	84,295	8,109,985	8,552,813	14,483,006	4,501,571	35,731,670
TOTAL LIABILITIES	4,293,317	9,615,231	8,607,122	14,838,418	4,501,571	41,855,659
<u>DEFERRED INFLOWS</u>	1,606,703	359,579	-	570,590	-	2,536,872
<u>FUND BALANCE</u>						
Nonspendable	267,538	-	-	-	-	267,538
Spendable:						
Restricted	-	22,418,340	317,926	-	5,377,021	28,113,287
Committed	1,342,965	1,425,849	-	-	-	2,768,814
Assigned	33,863,829	-	11,926,516	-	-	45,790,345
Unassigned	20,459,148	-	-	-	-	20,459,148
TOTAL FUND BALANCE	55,933,480	23,844,189	12,244,442	-	5,377,021	97,399,132
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	\$ 61,833,500	\$ 33,818,999	\$ 20,851,564	\$ 15,409,008	\$ 9,878,592	\$ 141,791,663

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

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2015

Total Fund Balances at December 31, 2015 - Governmental Funds		\$ 97,399,132
Cost of capital assets at December 31, 2015	\$ 275,158,546	
Less: Accumulated Depreciation as of December 31, 2015	<u>120,780,328</u>	154,378,218
Deferred inflows at December 31, 2015 (property tax not available)		2,536,872
Deferred outflows at December 31, 2015 (loss on bond refunding)		2,202,221
Deferred outflows at December 31, 2015 (net pension liability)		9,996,615
Consolidation of internal service funds		2,895,248
Accrued interest on bonds payable		(142,587)
Long-term liabilities at December 31, 2015:		
Bonds payable	\$ (40,165,000)	
Compensated absences payable	(2,693,123)	
Net Pension Liability	(50,341,635)	
Net other post-employment benefit obligation	<u>(3,846,384)</u>	<u>(97,046,142)</u>
Total net position at December 31, 2015 - Governmental Activities		<u>\$ 172,219,577</u>

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, 2015

	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	NON- MAJOR FUND Debt Service Fund	Total
<u>REVENUES</u>						
Local sources:						
Ad valorem taxes	\$ 35,506,943	\$ 7,946,414	\$ -	\$ 12,609,647	\$ -	\$ 56,063,004
Recreation activity fees	10,206,781	-	-	-	-	10,206,781
Earnings on investments	119,770	75,449	37,325	29,050	2,812	264,406
Donations and miscellaneous	113,268	24,267	1,230	-	-	138,765
State sources:						
Revenue sharing	1,246,011	301,947	-	-	-	1,547,958
Restricted grants-in-aid	35,005	3,371,892	309,612	-	-	3,716,509
TOTAL REVENUES	47,227,778	11,719,969	348,167	12,638,697	2,812	71,937,423
<u>EXPENDITURES</u>						
Current:						
Administrative and planning	15,345,525	223,963	-	355,413	8,675	15,933,576
Maintenance department operations	8,411,491	-	-	-	-	8,411,491
Recreation program operations	10,147,215	-	-	-	-	10,147,215
Golf operations	4,426,194	-	-	-	-	4,426,194
Zoo operations	4,000,236	-	-	-	-	4,000,236
Aquatics and therapeutics	1,196,337	-	-	-	-	1,196,337
Debt service	-	-	-	-	4,491,396	4,491,396
Capital outlay	1,816,686	7,140,462	2,571,552	-	-	11,528,700
TOTAL EXPENDITURES	45,343,684	7,364,425	2,571,552	355,413	4,500,071	60,135,145
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,884,094	4,355,544	(2,223,385)	12,283,284	(4,497,259)	11,802,278
						(continued)

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

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	NON- MAJOR FUND Debt Service Fund	Total
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers out	(2,339,371)	-	-	(12,283,284)	-	(14,622,655)
Transfers in	5,716,873	-	1,861,204	-	4,705,207	12,283,284
TOTAL OTHER FINANCING SOURCES (USES)	3,377,502	-	1,861,204	(12,283,284)	4,705,207	(2,339,371)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	5,261,596	4,355,544	(362,181)	-	207,948	9,462,907
Fund Balance, December 31, 2014, restated	50,671,884	19,488,645	12,606,623	-	5,169,073	87,936,225
Fund Balance, December 31, 2015	<u>\$ 55,933,480</u>	<u>\$ 23,844,189</u>	<u>\$ 12,244,442</u>	<u>\$ -</u>	<u>\$ 5,377,021</u>	<u>\$ 97,399,132</u>

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

(concluded)

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds		\$ 9,462,907
Capital Assets:		
Capital outlay and other expenditures capitalized	\$ 11,315,521	
Loss on disposal of property	(10,733)	
Depreciation expense for year ended December 31, 2015	<u>(9,166,733)</u>	2,138,055
Change in deferred inflows and outflows		5,103,296
Change in net position of internal service fund		594,259
Long Term Debt:		
Principal portion of debt service payments and redemptions	3,565,000	
Change in net pension liability	(6,631,488)	
Change in post-employment benefit obligation	(570,529)	
Bond premium amortization	18,016	
Change in accrued interest on long-term debt	23,628	
Change in compensated absences payable	<u>\$ 172,830</u>	<u>(3,422,543)</u>
Change in Net Position - Governmental Activities		<u>\$ 13,875,974</u>

The accompanying notes are an integral part of this statement.

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

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Employee Benefit Fund	Risk Management Fund	Other Internal Service Funds	Total Internal Service Funds
<u>ASSETS</u>				
Current:				
Cash and cash equivalents	\$ 3,890,960	\$ 3,956,942	\$ 655,911	\$ 8,503,813
Certificates of deposit	-	100,000	-	100,000
Due from other funds	5,880	-	6,572	12,452
Accounts Receivable	749	19,177	-	19,926
TOTAL ASSETS	<u>3,897,589</u>	<u>4,076,119</u>	<u>662,483</u>	<u>8,636,191</u>
<u>DEFERRED OUTFLOWS</u>				
	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 3,897,589</u>	<u>\$ 4,076,119</u>	<u>\$ 662,483</u>	<u>\$ 8,636,191</u>
<u>LIABILITIES</u>				
Liabilities:				
Current:				
Accounts payable	-	23,948	8,130	32,078
Due to other funds	2,570,968	843,447	163,049	3,577,464
Claims payable	750,000	395,862	-	1,145,862
	<u>3,320,968</u>	<u>1,263,257</u>	<u>171,179</u>	<u>4,755,404</u>
Long-term:				
Claims payable	-	985,539	-	985,539
TOTAL LIABILITIES	<u>3,320,968</u>	<u>2,248,796</u>	<u>171,179</u>	<u>5,740,943</u>
<u>DEFERRED INFLOWS</u>				
	-	-	-	-
<u>NET POSITION</u>				
Restricted	-	100,000	-	100,000
Unrestricted	576,621	1,727,323	491,304	2,795,248
	<u>576,621</u>	<u>1,827,323</u>	<u>491,304</u>	<u>2,895,248</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 3,897,589</u>	<u>\$ 4,076,119</u>	<u>\$ 662,483</u>	<u>\$ 8,636,191</u>

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

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

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
DECEMBER 31, 2015

	Employee Benefit Fund	Risk Management Fund	Other Internal Service Funds	Total Internal Service Funds
<u>OPERATING REVENUES</u>				
Premiums received	\$ 4,628,961	\$ 141,884	\$ -	\$ 4,770,845
Printshop charges	-	-	137,910	137,910
TOTAL OPERATING REVENUE	4,628,961	141,884	137,910	4,908,755
<u>OPERATING EXPENSES</u>				
Claims expense	3,842,713	1,069,045	-	4,911,758
Insurance premiums	-	446,594	-	446,594
Personnel expenses	-	-	104,957	104,957
Materials and supplies	100	2,015	111,927	114,042
Administrative fees	940,342	175,129	-	1,115,471
TOTAL OPERATING EXPENSES	4,783,155	1,692,783	216,884	6,692,822
NET OPERATING LOSS	(154,194)	(1,550,899)	(78,974)	(1,784,067)
<u>NON-OPERATING REVENUES</u>				
Interest income	8,503	29,140	1,312	38,955
TOTAL NON-OPERATING REVENUES	8,503	29,140	1,312	38,955
LOSS BEFORE TRANSFERS	(145,691)	(1,521,759)	(77,662)	(1,745,112)
Transfers in	-	2,102,563	236,808	2,339,371
CHANGE IN NET POSITION	(145,691)	580,804	159,146	594,259
NET POSITION at DECEMBER 31, 2014	722,312	1,246,519	332,158	2,300,989
NET POSITION at DECEMBER 31, 2015	\$ 576,621	\$ 1,827,323	\$ 491,304	\$ 2,895,248

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

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

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
DECEMBER 31, 2015

	Employee Benefit Fund	Risk Management Fund	Other Internal Service Funds	Total Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash premiums received	\$ 4,628,212	\$ 122,707	\$ -	\$ 4,750,919
Printshop charges received	-	-	137,910	137,910
Cash paid in claims and premiums	(3,392,713)	(1,112,918)	-	(4,505,631)
Cash paid for expenses	(1,300,500)	(168,021)	(216,340)	(1,684,861)
NET CASH USED IN OPERATING ACTIVITIES	(65,001)	(1,158,232)	(78,430)	(1,301,663)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Interfund transfers and advances	664,203	2,607,921	306,071	3,578,195
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	664,203	2,607,921	306,071	3,578,195
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Interest Income	8,503	29,140	1,312	38,955
NET CASH PROVIDED BY INVESTING ACTIVITIES	8,503	29,140	1,312	38,955
NET CHANGE IN CASH	607,705	1,478,829	228,953	2,315,487
Cash at beginning of year	3,283,255	2,578,113	426,958	6,288,326
CASH AT END OF YEAR	<u>\$ 3,890,960</u>	<u>\$ 4,056,942</u>	<u>\$ 655,911</u>	<u>\$ 8,603,813</u>
Reconciliation of change in net position to net cash provided by (used in) operating activities				
Net operating loss	\$ (154,194)	\$ (1,550,899)	\$ (78,974)	\$ (1,784,067)
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:				
Changes in:				
Accounts receivable	(749)	(19,177)	-	(19,926)
Accounts payable	(360,058)	9,123	544	(350,391)
Claims payable	450,000	402,721	-	852,721
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (65,001)</u>	<u>\$ (1,158,232)</u>	<u>\$ (78,430)</u>	<u>\$ (1,301,663)</u>

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

Government-Wide Financial Statements (GWFS)

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Fund Financial Statements (FFS) (continued)

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

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

Revenues

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

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

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

Expenditures

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

Vendor payments are recorded as the obligation is incurred.

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

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Fund Financial Statements (FFS) (continued)

Internal service funds are used by the Commission to account for: (1) providing of medical and life insurance benefits to employees and retirees, (2) costs associated with workers compensation, general liability, and vehicle liability claims, (3) costs associated with unemployment claims, and (4) wages and equipment costs associated with the Commission's print shop. The internal service funds are presented in the proprietary fund financial statements. Since the principal users of the internal service funds are the Commission's 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, services and claims, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. CASH AND INVESTMENTS

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

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

D. ELIMINATION AND RECLASSIFICATIONS

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

E. INVENTORY

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

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.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. CAPITAL ASSETS (continued)

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

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

G. COMPENSATED ABSENCES

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

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

Commission employees of certain job classifications may accrue compensatory (comp) time in lieu of overtime pay up to a maximum of 80 hours. Comp time is paid by the Commission upon termination, resignation, retirement or death, up to the maximum balance of 80 hours.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. COMPENSATED ABSENCES (continued)

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

H. NET POSITION

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

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. FUND EQUITY OF FUND FINANCIAL STATEMENTS (continued)

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

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

Unassigned - represent balances for which there are no constraints.

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

J. INTERFUND ACTIVITY

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

K. USE OF ESTIMATES

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

L. BUDGET PRACTICES

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

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

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. ENCUMBRANCES

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

N. LONG-TERM OBLIGATIONS

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

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

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

O. Pension Plans

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

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

P. **Current Year Adoption of New Accounting Standard and Restatement of Net Position**

The Commission adopted Government Accounting Standards Board (GASB) Statement Number 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and Statement Number 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The net effect to the entity-wide Statement of Net Position for the prior year that resulted from the adoption of GASBs 68 and 71 is as follows:

	<u>Governmental Activities</u>
Total Net Position, December 31, 2014 as previously reported	\$ 197,935,395
Net Pension Liability at December 31, 2014	(43,710,147)
Deferred Outflows of Resources at December 31, 2014	4,494,832
Adjustments for other restatements (see Note 13)	<u>(376,477)</u>
Total Net Position, December 31, 2014, Restated	<u>\$ 158,343,603</u>

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 2015 property tax calendar was as follows:

Millage rates adopted	May 28, 2015
Levy date	May 28, 2015
Tax bills mailed	November 30, 2015
Due date	December 31, 2015
Lien date	June 1, 2016

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.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. PROPERTY TAXES (continued)

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

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

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

The authorized and levied millage consisted of the following for 2015:

<u>Approved</u> <u>Millage Rate</u>	<u>Levied</u> <u>Millage Rate</u>	<u>Expiration</u>	<u>Authorized Use Per Proposition</u>
4.10	4.10	2024	Capital improvements, operations, maintenance
2.10	2.10	2024	Operations and maintenance
3.96	3.96	2016	Operations and maintenance
3.253	3.253	2024	Capital improvements, operations, maintenance pursuant to the Strategic Master Plan
1.05	1.05	Permanent	Any lawful purpose
<u>14.463</u>	<u>14.463</u>		

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

	<u>Gross</u> <u>Property</u> <u>Taxes</u> <u>Receivable</u>	<u>Estimated</u> <u>Uncollectible</u> <u>Property</u> <u>Taxes</u>	<u>Net</u> <u>Property</u> <u>Taxes</u> <u>Receivable</u>
General Fund	\$ 35,727,690	\$ 535,915	\$ 35,191,775
Capital Improvements Fund	7,995,826	119,937	7,875,889
Special Revenue Fund	12,688,010	190,319	12,497,691
	<u>\$ 56,411,526</u>	<u>\$ 846,171</u>	<u>\$ 55,565,355</u>

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. CASH AND CASH EQUIVALENTS

At December 31, 2015, the Commission's cash balances consist of deposits in financial institutions and petty cash at various facilities as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash and cash equivalents	\$ 54,054,616	\$ 54,196,318
Petty cash	19,100	-
Time deposits	<u>100,000</u>	<u>100,000</u>
	<u>\$ 54,173,716</u>	<u>\$ 54,296,318</u>

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the Commission's deposits may not be returned. To guard against this risk, under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. The Commission had no custodial credit risk as of December 31, 2015.

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

The Commission is authorized by LRS 39:1211-1245 and 33:2955 to invest temporarily idle monies in various risk-averse instruments including U.S. Government direct and agency obligations, certificates of deposit of qualified financial institutions, certain debt mutual funds, the Louisiana Asset Management Pool (LAMP) and other investments. The Commission had no investments as of December 31, 2015.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2015 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 29,487,815	\$ -	\$ -	\$ 29,487,815
Construction in progress	<u>5,695,619</u>	<u>9,611,452</u>	<u>9,650,739</u>	<u>5,656,332</u>
Total capital assets, not depreciated	<u>35,183,434</u>	<u>9,611,452</u>	<u>9,650,739</u>	<u>35,144,147</u>
<u>Capital Assets Being Depreciated</u>				
Immovable property	212,070,894	9,650,739	-	221,721,633
Moveable property and equipment	<u>17,949,884</u>	<u>1,704,069</u>	<u>1,361,187</u>	<u>18,292,766</u>
Total capital assets	<u>230,020,778</u>	<u>11,354,808</u>	<u>1,361,187</u>	<u>240,014,399</u>
<u>Less Accumulated Depreciation For</u>				
Immovable property	97,845,701	8,293,205	-	106,138,906
Moveable property and equipment	<u>15,118,348</u>	<u>873,528</u>	<u>1,350,454</u>	<u>14,641,422</u>
	<u>112,964,049</u>	<u>9,166,733</u>	<u>1,350,454</u>	<u>120,780,328</u>
<u>Total Capital Assets Being Depreciated (net)</u>	<u>117,056,729</u>	<u>2,188,074</u>	<u>10,733</u>	<u>119,234,071</u>
Total Capital Assets (net)	<u>\$ 152,240,163</u>	<u>\$ 11,799,527</u>	<u>\$ 9,661,472</u>	<u>\$ 154,378,218</u>

Depreciation expense for 2015 is charged to the following functions in the statement of activities:

Administrative and planning	\$ 860,775
Maintenance department operations	527,452
Recreation, program operations	6,223,860
Golf operations	1,100,586
Zoo operations	454,059
	<u>\$ 9,166,733</u>

5. RETIREMENT SYSTEMS

A. DEFINED BENEFIT PLANS

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. RETIREMENT SYSTEMS (continued)

A. DEFINED BENEFIT PLANS (continued)

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

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

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

Plan Description

The Retirement System is considered a component unit of the financial reporting entity of the City of Baton Rouge and Parish of East Baton Rouge (City-Parish) and is included as a pension trust fund in the City-Parish Comprehensive Annual Financial Report and Annual Operating Budget. The accompanying financial statements reflect the activity of the Retirement System.

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

Retirement Benefits

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

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

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. RETIREMENT SYSTEMS (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

Substantially all full-time non-police employees of the City-Parish and other member employers are covered by the Retirement System. The Retirement System actuarially determines the contributions required to fund the plan and collects the contributions as a percentage of payroll each payroll period. The Retirement System exists for the sole benefit of current and former employees of the member employers.

A. Normal Retirement

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

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

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

Pension provisions include both service-connected and ordinary disability benefits. In the case of a service connected disability, the disabled employee is entitled to receive 50 percent of average compensation, plus an additional factor (1.5%) for each year of service in excess of ten years. In the case of an ordinary disability, ten years of service are required to receive 50 percent of average compensation, or 2.5% times the number of years of creditable service, whichever is greater. Survivor benefits are granted to qualifying surviving spouses of service-connected disabilities, however, disability benefits cease at the death of the disabled employee who retired with an ordinary disability.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. RETIREMENT SYSTEMS (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

B. Deferred Retirement Option Program (DROP)

Deferred retirees (participants in the Deferred Retirement Option Plan (DROP)) are employees who are eligible for retirement, but have chosen to continue employment for a maximum of five years if the member has 25 years of creditable service, or three years if the member has at least 10 but less than 25 years and is age 55 or older. Pension annuities are fixed for these employees and can never be increased, and neither employee nor employer contributions are contributed to the Retirement System on their earnings. DROP deposits for the amount of the participant's monthly benefits are placed in a deferred reserve account until the deferred retirement option period elapses, or until the employee discontinues employment, whichever comes first. These accounts bear interest beginning with the date of the initial deposit for employees who fulfill the provisions of their DROP contract. Failure to fulfill these provisions, specifically to terminate employment at the end of the maximum DROP participation period, results in the enforcement of certain penalty provisions, such as forfeiture of interest and disbursement of the balance of the DROP account to the member or to another qualifying pension plan. Five year participation in the DROP after 25 years of service is also a guaranteed benefit available to members who transferred membership to MPERS. Because MPERS provides for only a three-year DROP, CPERS guarantees the balance of DROP participation, not to exceed the five-year maximum. Penalty provisions remain in place for these members as well.

C. Survivor Benefits

Survivor benefits whereby a qualifying spouse will receive 50 percent of the retired employee's pension amount at no cost to the retiree. A service allowance retiree may also purchase an optional benefit for a spouse or other designated beneficiary, which reduces the monthly pension benefit by an actuarially computed amount. Should an employee die before retirement, but either was eligible for a benefit, or had attained 20 or more years of service, a qualifying spouse may receive an actuarially computed benefit based on the employee's calculated benefit. If the employee dies having less than 20 years of service, before reaching retirement eligibility, the surviving spouse is entitled to \$600 per month until the earlier of death or remarriage, plus \$150 per month for each minor child (limited to \$300), or a refund of the member's retirement contributions.

Funding Policy

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. RETIREMENT SYSTEMS (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

Contributions to the plan are required and determined by the East Baton Rouge Metropolitan Council and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended December 31, 2015, for the Commission and covered employees were as follows:

<u>Commission</u>	<u>Employees</u>
30.57%	9.50%

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

<u>December 31,</u>		
<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 4,859,558	\$ 4,494,832	\$ 4,017,626

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

The following schedule lists the Commission's proportionate share of the Net Pension Liability allocated by the pension plan as of the respective measurement date for the plan. The Commission uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2015 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used as of the respective measurement date along with the change compared to the immediately prior measurement date. The Commission's proportion of the Net Pension Liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

<u>Measurement Date</u>	<u>Net Pension Liability at Measurement Date</u>	<u>Rate at Measurement Date</u>	<u>Increase (Decrease) to Prior Year Rate</u>
December 31, 2014	\$ 50,341,635	11.44815%	0.801750%

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. **RETIREMENT SYSTEMS** (continued)

A. **DEFINED BENEFIT PLANS** (continued)

Retirement Benefits (continued)

The Commission's recognized pension expense for the year ended December 31, 2015 was \$6,104,488.

At December 31, 2015, the Commission reported deferred outflows of resources related to pensions from the following sources:

Differences between expected and actual experience	\$ 58,441
Changes of assumptions	-
Net difference between projected and actual earnings on pension plan investments	2,532,099
Changes in proportion and differences between Employer contributions and proportionate share of contributions	2,546,517
Employer contributions subsequent to the measurement date	<u>4,859,558</u>
Total	<u>\$ 9,996,615</u>

The Commission reported a total of \$4,859,558 as deferred outflow of resources related to pension contributions made subsequent to the measurement which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2016.

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

Deferral Period	CPERS
2016	\$ 1,501,344
2017	1,501,344
2018	1,501,344
2019	<u>633,025</u>
	<u>\$ 5,137,057</u>

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. **RETIREMENT SYSTEMS** (continued)

A. **DEFINED BENEFIT PLANS** (continued)

Retirement Benefits (continued)

Actuarial Assumptions

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

Valuation Date	December 31, 2014	
Actuarial Cost	Entry Age Normal	
Method		
Actuarial		
Assumptions:		
Expected		
Remaining		
Service Lives	4 years	
Investment	7.50% net of investment	
Rate	expenses	
of Return		
Inflation Rate	3.50% per annum	
Mortality	1994 Group Annuity	
	Mortality Table, set	
	forward two years.	
Salary Increases	<i>Age</i>	<i>Increase</i>
	30	2.50%
	35	1.50%
	40	1.25%
	45	0.75%
	50	0.50%
	55	0.00%
Cost of Living	None	
Adjustments		

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. RETIREMENT SYSTEMS (continued)

B. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

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

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

Asset Class	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Cash	0.0%	0.00%
Domestic equity	25.0%	4.97%
International equity	25.0%	6.79%
Domestic fixed income	30.0%	1.75%
International fixed income	0.0%	0.00%
Alternatives	15.0%	7.15%
Real assets	5.0%	5.71%
Total	<u>100.0%</u>	

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for CPERS 7.50% for the measurement period year ended December 31, 2014.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. **RETIREMENT SYSTEMS** (continued)

A. **DEFINED BENEFIT PLANS** (continued)

Retirement Benefits (continued)

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
Rates	6.50%	7.50%	8.50%
Commission's Share of NPL	\$ 69,109,871	\$ 50,341,635	\$ 34,536,121

Payables to the Pension Plan

The Commission recorded accrued liabilities to CPERS for the year ended December 31, 2015 mainly due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as due to others. The balance due to the retirement system at December 31 is \$253,300.

Carpenters' Union and Electrical Workers' Union

Certain employees are members of union benefit plans, which include defined benefit pension plans, as required by the terms of the collective bargaining agreements. For the Carpenters' Union plan and the Electrical Union Members' plans, the plan members are required to contribute 5% and 3.3%, respectively, of their annual covered payroll while the Commission contributes at a rate of 16.9% and 19.5%, respectively. Contributions to the plans were as follows for the past two years:

2015	\$64,934
2014	\$50,928

Carpenters' Union and Electrical Workers' Union (continued)

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. RETIREMENT SYSTEMS (continued)

B. OPTIONAL 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 each were approximately \$142,775 for the year ended December 31, 2015.

6. OTHER POST-EMPLOYMENT BENEFITS

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

Plan Description. Substantially all full-time employees are eligible to participate in the Plan. Employees are eligible upon entering retirement or exiting from D.R.O.P. 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.

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. Until 2008, the Commission recognized the cost of providing post-employment medical benefits (the Commission's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2015 and 2014, the Commission's portion of health care funding cost for retired employees totaled \$442,906 and \$410,098, respectively. This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

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 fiscal years ending December 31:

	<u>2015</u>	<u>2014</u>
Normal cost	\$ 352,163	\$ 338,618
30-year UAL amortization amount	719,681	692,001
Annual required contribution (ARC)	<u>\$ 1,071,844</u>	<u>\$ 1,030,619</u>

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

	<u>2015</u>	<u>2014</u>
Beginning Net OPEB Obligation	\$ 3,275,855	\$ 2,703,538
Annual required contribution	1,071,844	1,030,619
Interest on Net OPEB Obligation	131,034	108,142
ARC Adjustment	<u>(189,443)</u>	<u>(156,346)</u>
OPEB Cost	1,013,435	982,415
Current year retiree premium	<u>(442,906)</u>	<u>(410,098)</u>
Change in Net OPEB Obligation	570,529	572,317
Ending Net OPEB Obligation	<u>\$ 3,846,384</u>	<u>\$ 3,275,855</u>

The following table shows the Commission's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net obligation the last three years:

Post-Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical and Life	December 31, 2015	\$ 1,013,435	44%	\$ 3,846,384
Medical and Life	December 31, 2014	\$ 982,415	42%	\$ 3,275,855
Medical and Life	December 31, 2013	\$ 980,840	50%	\$ 2,703,538

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress. In 2015 and 2014, the Commission made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2014 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2015 was \$12,942,564 which is defined as that portion, as determined by a particular actuarial cost method (the Commission uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

	<u>2015</u>	<u>2014</u>
Actuarial Accrued Liability (AAL)	\$ 12,942,564	\$ 12,444,773
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	\$ <u>12,942,564</u>	\$ <u>12,444,773</u>
 Funded Ratio (AVP/AAL)	 0.00%	 0.00%
 Covered Payroll (active plan members)	 \$ 16,333,151	 \$ 15,012,861
UAAL as a percentage of covered payroll	79.24%	82.89%

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%.

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.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

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 before Medicare eligibility. Since "unblended" rates are required by GASB 45 for valuation purposes, we have estimated the unblended retiree rates for pre-Medicare eligibility as being 130% of the blended rates and 80% of the blended rates for post-Medicare eligibility.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

7. LONG-TERM LIABILITIES

The following is a summary of the changes in general long-term obligations for the year ended December 31, 2015:

	Beginning of Year Balance		Additions	Deductions	End of Year Balance
Tax revenue bonds	\$ 43,730,000	\$	-	(\$ 3,565,000)	\$ 40,165,000
Compensated absences payable	2,865,953		870,686	(1,043,516)	2,693,123
Bond premium	18,016		-	(18,016)	-
Net pension liability	43,710,147		11,126,320	(4,494,832)	50,341,635
Net other post-employment obligation	3,275,855		570,529	(-)	3,846,384
Claims payable	1,278,680		4,911,758	(4,059,037)	2,131,401
Total	<u>\$ 94,878,651</u>	\$	<u>17,479,293</u>	<u>(\$ 13,180,401)</u>	<u>\$ 99,177,543</u>

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. LONG-TERM LIABILITIES (continued)

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

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, 2015:

	<u>Current</u>	<u>Long-Term</u>
Tax revenue bonds	\$ 3,645,000	\$ 36,520,000
Compensated absences payable	-	2,693,123
Net pension liability	-	50,341,635
Net other post-employment obligation	-	3,846,384
Claims payable	<u>1,145,862</u>	<u>985,539</u>
Total	<u>\$ 4,790,862</u>	<u>\$ 94,386,681</u>

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

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

In connection with the refunding, the Commission paid an up-front cost that resulted in an accounting loss of \$3,001,256 which will be systematically recognized over the life of the refunded bonds as an adjustment to interest expense and which is recognized as deferred outflow on the entity-wide financial statements. As of December 31, 2015, \$799,036 of the deferred outflow had been amortized to interest expense resulting in a remaining deferred amount on refunding of \$2,202,221 carried on the entity-wide statement of net position. Amortization of the loss for 2015 was \$233,864.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. LONG-TERM LIABILITIES (continued)

Bonds outstanding were as follows at December 31, 2015:

	<u>Date of Issue</u>	<u>Original Balance</u>	<u>Ending Balance</u>
Series 2012 A Tax Revenue Refunding Bonds 2.13%	08/02/12	\$ 31,190,000	\$ 29,535,000
Series 2012 B Tax Revenue Bonds 2.13%	11/06/12	13,000,000	10,630,000
		<u>\$ 44,190,000</u>	<u>\$ 40,165,000</u>

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,645,000	\$ 816,695	\$ 4,461,695
2017	3,725,000	738,205	4,463,205
2018	3,800,000	658,064	4,458,064
2019	3,885,000	576,218	4,461,218
2020	3,970,000	492,563	4,462,563
2021-2025	<u>21,140,000</u>	<u>1,144,449</u>	<u>22,284,449</u>
	<u>\$ 40,165,000</u>	<u>\$ 4,426,194</u>	<u>\$ 44,591,194</u>

Legal Debt Margin – Limited Ad-Valorem Tax Revenue Bonds

Computation of legal debt margin is as follows:

Ad valorem taxes:

Assessed valuation, 2015 tax rolls	<u>\$ 4,582,080,350</u>
Debt limit: 10% of assessed valuation	\$ 458,208,035

The Commission has no general obligation bonds outstanding.

8. INTERFUND TRANSACTIONS

Interfund receivable/payable:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 22,881,830	\$ 84,295
Debt Service Fund	8,666,902	4,501,571
Enhancement Construction Fund	4,737,329	8,552,813
Capital Improvement Fund	117,190	8,109,985
Special Revenue Enhancement Fund	2,893,431	14,483,006
Internal Services Fund	<u>12,452</u>	<u>3,577,464</u>
Total	<u>\$ 39,309,134</u>	<u>\$ 39,309,134</u>

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. INTERFUND TRANSACTIONS (continued)

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

Transfers:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 2,339,371	\$ 5,716,873
Debt Service Fund	-	4,705,207
Enhancement Construction Fund	-	1,861,204
Internal Service Funds	-	2,339,371
Special Revenue Enhancement Fund	<u>12,283,284</u>	<u>-</u>
Total	<u>\$ 14,622,655</u>	<u>\$ 14,622,655</u>

The purpose of interfund transfers is to move property taxes collected by the Special Revenue Enhancement Fund in accordance with the terms of the general bond resolution of the Commission, to provide operating enhancements to the general fund, to provide monies for construction to the Enhancement Construction Fund and to cover required debt service payments.

9. RISK MANAGEMENT

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

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

Worker's compensation and employee health plan losses are covered by excess insurance policies, and professional administrators are contracted by the Commission to adjust and manage their respective claims. The self-insured retainer for worker's compensation is \$600,000 per occurrence, and for employee health is \$125,000 per occurrence.

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

In accordance with GASB Codification Section C50 - "*Claims and Judgements*" the Commission accounts for and reports risk management activities in the internal service funds using the accrual basis of accounting. Claims paid under the self-insurance risk activities are recorded as expenses. There were no major changes in insurance coverage for the year ended December 31, 2015.

The Commission provides medical insurance benefits to its full-time employees who choose to participate. Employees pay the full cost of additional premiums for plans with higher coverage benefits. Cost to the Commission for employee health benefits in 2015 was \$3,842,713.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. RISK MANAGEMENT (continued)

A reconciliation of the unpaid claims liabilities as of December 31, 2015 follows:

	Employee Benefits Fund	Risk Management Fund	Total
Unpaid claims as of January 1, 2015	\$ 300,000	\$ 978,680	\$ 1,278,680
Current year claims incurred and changes in estimates	3,842,713	1,069,045	4,911,758
Claims paid	(3,392,713)	(666,324)	(4,059,037)
Unpaid claims as of December 31, 2015	<u>\$ 750,000</u>	<u>\$ 1,381,401</u>	<u>\$ 2,131,401</u>

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

	Employee Benefits Fund	Risk Management Fund	Total
Short-term	\$ 750,000	\$ 395,862	\$ 1,145,862
Long-term	-	985,539	985,539
Total	<u>\$ 750,000</u>	<u>\$ 1,381,401</u>	<u>\$ 2,131,401</u>

10. RESTRICTED, COMMITTED, AND ASSIGNED FUND BALANCE

Details of restricted, committed and assigned fund balances at year-end are as follows:

	General Fund	CIP	Debt Service	Enhancement Construction
Nonspendable				
Inventory	\$ 267,538	\$ -	\$ -	\$ -
Spendable				
Restricted for:				
Capital Improvements	-	19,352,812	-	317,926
Debt Service	-	-	5,377,021	-
Grants	-	3,065,528	-	-
Committed to:				
Knock-Knock Children's Museum	-	1,425,849	-	-
Mineral Endowment	1,342,965	-	-	-
Assigned to:				
Strategic Master Plan	7,883,827	-	-	11,926,516
Self-Insurance	6,000,000	-	-	-
Retirement Benefit	3,850,000	-	-	-
Self-Insurance (Health)	4,840,000	-	-	-
Working Capital	6,128,000	-	-	-
Emergency Funds and Other	<u>5,162,002</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Constrained Fund Balance	\$35,474,332	\$23,844,189	\$ 5,377,021	\$12,244,442
Unassigned Fund Balances	<u>20,459,148</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>\$55,933,480</u>	<u>\$23,844,189</u>	<u>\$ 5,377,021</u>	<u>\$12,244,442</u>

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

11. LITIGATION AND CLAIMS

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

12. COMMITMENTS

As of December 31, 2015, the Commission had entered into nine contracts for a variety of park renovation projects as part of its "Imagine Your Parks" Program and its Capital Improvements Program. The Commission is obligated for approximately \$9,452,000 for completion of those projects.

13. PRIOR PERIOD ADJUSTMENT

During 2015 the Commission discovered errors in the recording of pension fees paid through property taxes and other fuel inventory adjustments. Additionally, management of the Commission changed its classification of the Enhancement Operating Fund fund balance to assigned in accordance with GASB Statement No. 54 and that fund is now combined with the General Fund accordingly. Changes to fund balances as a result of these errors as well as changes to presentation are as follows:

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Enhancement Operating Fund</u>	<u>Enhancement Construction Fund</u>
Fund balance, beginning of year, as previously stated	\$43,104,782	\$19,567,785	\$ 7,822,429	\$12,648,633
Claims paid	(219,390)	(79,140)	(35,937)	(42,010)
Combination of Enhancement Operating Fund	7,786,492		(7,786,492)	
Fund balance, beginning of year, as restated	<u>\$50,671,884</u>	<u>\$19,488,645</u>	<u>\$ -</u>	<u>\$12,606,623</u>

The Government-Wide financial statements were also affected by these errors and changes in presentation. The beginning of year net position was adjusted by \$376,477 (see Note 1P).

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

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

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<u>Revenues:</u>				
Local sources:				
Ad valorem taxes	\$ 33,081,465	\$ 33,081,465	\$ 35,506,943	\$ 2,425,478
Recreation activity fees	10,234,821	10,234,821	10,206,781	(28,040)
Other	224,000	224,000	233,038	9,038
State sources:				
Revenue sharing	1,260,000	1,260,000	1,281,016	21,016
Total revenues	<u>44,800,286</u>	<u>44,800,286</u>	<u>47,227,778</u>	<u>2,427,492</u>
<u>Expenditures:</u>				
Current:				
Administrative	17,759,421	17,759,421	15,345,525	2,413,896
Program Activities	32,841,056	32,841,056	29,998,159	2,842,897
Total expenditures	<u>50,600,477</u>	<u>50,600,477</u>	<u>45,343,684</u>	<u>5,256,793</u>
Excess (deficiency) of revenues over expenditures	<u>(5,800,191)</u>	<u>(5,800,191)</u>	<u>1,884,094</u>	<u>7,684,285</u>
<u>Other financing sources (uses):</u>				
Operating transfers out	(3,339,371)	(3,339,371)	(2,339,371)	1,000,000
Operating transfers in	<u>5,418,756</u>	<u>5,418,756</u>	<u>5,716,873</u>	<u>298,117</u>
Total other financing sources (uses)	<u>2,079,385</u>	<u>2,079,385</u>	<u>3,377,502</u>	<u>1,298,117</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	<u>(3,720,806)</u>	<u>(3,720,806)</u>	<u>5,261,596</u>	<u>8,982,402</u>
Fund balances, December 31, 2014, restated	<u>45,511,289</u>	<u>45,511,289</u>	<u>50,671,884</u>	<u>5,160,595</u>
FUND BALANCES, DECEMBER 31, 2015	<u>\$ 41,790,483</u>	<u>\$ 41,790,483</u>	<u>\$ 55,933,480</u>	<u>\$ 14,142,997</u>

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, 2015

	Special Revenue Enhancement Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
Local sources:				
Taxes:				
Ad valorem	\$ 11,751,548	\$ 11,751,548	\$ 12,609,647	\$ 858,099
Earnings on investments	-	-	29,050	29,050
Total revenues	<u>11,751,548</u>	<u>11,751,548</u>	<u>12,638,697</u>	<u>887,149</u>
<u>Expenditures:</u>				
Current:				
Administrative	-	-	355,413	(355,413)
Total expenditures	<u>-</u>	<u>-</u>	<u>355,413</u>	<u>(355,413)</u>
Excess (deficiency) of revenues over expenditures	<u>11,751,548</u>	<u>11,751,548</u>	<u>12,283,284</u>	<u>531,736</u>
<u>Other financing sources (uses):</u>				
Operating transfers out	<u>(11,751,548)</u>	<u>(11,751,548)</u>	<u>(12,283,284)</u>	<u>(531,736)</u>
Total other financing sources (uses)	<u>(11,751,548)</u>	<u>(11,751,548)</u>	<u>(12,283,284)</u>	<u>(531,736)</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	-	-	-
Fund balances, December 31, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, DECEMBER 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2015

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)
12/31/2015	1/1/2015	\$ -	\$ 12,942,564	\$ 12,942,564	0.00%	\$ 16,333,151	79%
12/31/2014	1/1/2014	-	12,444,773	12,444,773	0.00%	15,012,861	83%
12/31/2013	1/1/2013	-	12,399,722	12,399,722	0.00%	15,809,449	78%
12/31/2012	1/1/2012	-	11,922,810	11,922,810	0.00%	16,453,160	72%
12/31/2011	1/1/2011	-	8,426,776	8,426,776	0.00%	21,862,998	39%

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
12/31/2014	\$ 1,013,435	\$ 442,906	43.70%	\$ 570,529	\$ 3,846,384
12/31/2014	982,415	410,098	41.74%	572,317	3,275,855
12/31/2013	980,840	489,399	49.90%	491,441	2,703,538
12/31/2012	950,465	453,147	47.68%	497,318	2,212,097
12/31/2011	649,699	420,580	64.73%	229,119	1,714,779

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

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST-SHARING DEFINED BENEFIT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2015 (*)

Employer's Proportion of the Net Pension Liability		11.4482%
Employer's Proportionate Share of the Net Pension Liability	\$	50,341,635
Employer's Covered-Employee Payroll	\$	15,134,118
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll		332.6367%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		70.95%

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

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

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

SCHEDULE OF CONTRIBUTIONS
COST-SHARING DEFINED BENEFIT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2015

Contractually Required Contribution	\$ 4,859,558
Contributions in relation to Contractually Required Contribution	4,859,558
	<hr/>
Contribution Deficiency (Excess)	\$ -
Employer's Covered-Employee Payroll	\$ 15,911,560
Contributions as a Percentage of Covered Employee Payroll	30.54%

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

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

OTHER SUPPLEMENTAL INFORMATION

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

SCHEDULE OF COMPENSATION PAID TO THE HEAD OF COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2015

Superintendent:

Carolyn McKnight

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 162,839
Benefits - life insurance	663
Benefits - medical insurance (Commission paid)	2,418
Benefits - retirement system contributions/mandatory	49,829
Car allowance	7,727
Dues	240
Reimbursements	99
Conference travel	3,890
	<u>\$ 227,705</u>

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

GENERAL FUND COMBINING SCHEDULE
BALANCE SHEET
DECEMBER 31, 2015

	General Fund	Enhancement Operating Fund	Eliminations	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 338,098	\$ 2,269,168	\$ -	\$ 2,607,266
Accounts receivable	885,091	-	-	885,091
Ad valorem taxes receivable	35,191,775	-	-	35,191,775
Inventory	267,538	-	-	267,538
Due from other funds	17,167,197	5,714,633	-	22,881,830
TOTAL ASSETS	53,849,699	7,983,801	-	61,833,500
<u>DEFERRED OUTFLOWS</u>	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 53,849,699	\$ 7,983,801	\$ -	\$ 61,833,500
<u>LIABILITIES</u>				
Accounts payable	3,132,525	15,679	-	3,148,204
Accrued expenses payable	790,163	-	-	790,163
Amounts held for others	75,781	-	-	75,781
Unearned revenues	194,874	-	-	194,874
Due to other funds	-	84,295	-	84,295
TOTAL LIABILITIES	4,193,343	99,974	-	4,293,317
<u>DEFERRED INFLOWS</u>	1,606,703	-	-	1,606,703
<u>FUND BALANCE</u>				
Nonspendable	267,538	-	-	267,538
Spendable:				
Committed	1,342,965	-	-	1,342,965
Assigned	25,980,002	7,883,827	-	33,863,829
Unassigned	20,459,148	-	-	20,459,148
TOTAL FUND BALANCE	48,049,653	7,883,827	-	55,933,480
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	\$ 53,849,699	\$ 7,983,801	\$ -	\$ 61,833,500

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

GENERAL FUND COMBINING SCHEDULE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Enhancement Operating Fund	Eliminations	Total
<u>REVENUES</u>				
Local sources:				
Ad valorem taxes	\$ 35,506,943	\$ -	\$ -	\$ 35,506,943
Recreation activity fees	10,206,781	-	-	10,206,781
Earnings on investments	111,115	8,655	-	119,770
Donations and miscellaneous	113,268	-	-	113,268
State sources:				
Revenue sharing	1,246,011	-	-	1,246,011
Restricted grants-in-aid	35,005	-	-	35,005
TOTAL REVENUES	47,219,123	8,655	-	47,227,778
<u>EXPENDITURES</u>				
Current:				
Administrative and planning	15,171,071	174,454	-	15,345,525
Maintenance department operations	8,411,491	-	-	8,411,491
Recreation program operations	10,147,215	-	-	10,147,215
Golf operations	4,426,194	-	-	4,426,194
Zoo operations	4,000,236	-	-	4,000,236
Aquatics and therapeutics	1,196,337	-	-	1,196,337
Capital outlay	1,748,046	68,640	-	1,816,686
TOTAL EXPENDITURES	45,100,590	243,094	-	45,343,684
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,118,533	(234,439)	-	1,884,094
				(continued)

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

GENERAL FUND COMBINING SCHEDULE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Enhancement Operating Fund	Eliminations	Total
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(2,339,371)	(5,385,099)	5,385,099	(2,339,371)
Transfers in	5,385,099	5,716,873	(5,385,099)	5,716,873
TOTAL OTHER FINANCING SOURCES (USES)	3,045,728	331,774	-	3,377,502
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	5,164,261	97,335	-	5,261,596
Fund Balance, December 31, 2014, restated	42,885,392	7,786,492	-	50,671,884
Fund Balance, December 31, 2015	<u>\$ 48,049,653</u>	<u>\$ 7,883,827</u>	<u>\$ -</u>	<u>\$ 55,933,480</u>

(concluded)

**REPORTS ON INTERNAL CONTROL AND
COMPLIANCE**

**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, 2015, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify a certain deficiency in internal control that we consider to be a material weakness. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (2015-001).

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*.

Commission's Response to Findings

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

Purpose of This Report

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

Postlethwaite + Natterville

Baton Rouge, Louisiana
June 30, 2016

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

2015-001

Reconciliations of Cash and other General Ledger Accounts

Criteria: Reconciliation of cash, other asset and liability accounts as recorded on the accounting general ledger should be reconciled to the balances reported by banks or other sub-ledgers on a monthly basis.

Condition: Cash, other asset accounts as well as certain liability accounts as recorded on the accounting general ledger were not reconciled to underlying records for a significant portion of 2015. This is a repeat finding from the prior period.

Cause: The Commission's finance department experienced significant turnover during 2014, including two finance directors and a general ledger accountant with over twenty five years of experience. Additionally, a new accounting software system was implemented in 2014 and a new payroll system was implemented in 2015 which also complicated the reconciliation process.

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

Recommendation: The Commission should take the steps necessary to ensure that reconciliations of all general ledger asset, liability, and capital outlay expenditure accounts, are maintained and reviewed on a monthly basis.

Management's Response
& Corrective Plan:

Progress continues to be realized in reconciling cash and other general ledger accounts. The finance department identified the need for additional qualified staff and recently hired a senior accountant who is charged with ensuring all asset and liability accounts are reconciled in the general ledger. Additionally, a reconciliation clerk will perform the daily, weekly, and monthly activities generally associated to reconciling, calculating/processing, and balancing records and accounts for accuracy. The finance director along with the accounting manager will continue to monitor progress and verify proper closing procedures are being performed on a monthly basis. While reconciliations were delayed for a significant portion of 2015 due to turnover and new accounting software, all reconciliations were performed for 2015 and no fraud or material errors were identified.

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

2014-01

Reconciliations of Cash and other General Ledger Accounts

- Criteria:** Reconciliation of cash, other asset and liability accounts as recorded on the accounting general ledger should be reconciled to the balances reported by banks or other sub-ledgers on a monthly basis.
- Condition:** Cash, other asset accounts as well as certain liability accounts as recorded on the accounting general ledger were not reconciled to underlying records for a significant portion of 2014.
- Cause:** The Commission's finance department experienced significant turnover during 2014, including two finance directors and a general ledger accountant with over twenty five years of experience. Additionally, a new accounting software system was implemented in 2014 which also complicated the reconciliation process.
- Effect:** The general ledger is the basis for producing most financial reports for the Commission. Without reconciliation of the general ledger to underlying sub-ledgers and bank statements, those financial reports may be prone to misstatement due to fraud or error.
- Recommendation:** The Commission should take the steps necessary to ensure that reconciliations of all general ledger asset, liability, and capital outlay expenditure accounts, are maintained and reviewed on a monthly basis.

Management's Response
& Corrective Plan:

As stated in the Auditor's Report, a significant contributing factor to this finding was that the finance department experienced substantial turnover during 2014 which included two finance directors and a general ledger accountant with over twenty years of experience. Additionally, the deployment of a new accounting software system in May 2014 and the lack of sufficient training and familiarity with the system was a compounding factor to the lack of reconciliations performed in 2014. Currently, a new finance director is in place and departmental staff has received the additional training and exposure on the new accounting software necessary to perform timely reconciliations. The finance director along with the accounting manager will develop a monthly schedule of closing events, including reconciliations, to ensure all asset and liability accounts are accounted for in the general ledger and any sub-ledgers in order to confirm the accuracy and prevent misstatement of the agency's financial reports. The finance director will verify these procedures are being performed via documented support details on a monthly basis.

Current Status: This is a repeat finding in the current year.

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

2014-02

Local Government Budget Act

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

Condition: The actual revenues and transfers in during 2014 of the Enhancement Operating Fund fell short of the amount budgeted by approximately 19%. Additionally, the fund balance of that fund appears to have been overstated within the budget document.

Cause: Misapplication and misunderstanding of the newly required budget format of LA R.S. 39:1305. Also, the budget preparers identified "prior year revenue" as a revenue source for the current year, which is more appropriately accounted for and applied as a source of funds within beginning fund balance as opposed to current year revenue.

Effect: Non-compliance with the state budget law.

Recommendation: The finance department should closely monitor the budget and propose amendments for the Commission's adoption when revenues or expenditures are expected to fall short of budgeted amounts by more than 5%. Additionally, revenues included in the budgeted should be current year revenues recognized under generally accepted accounting standards and fund balances should be accurately stated.

Management's Response
& Corrective Plan:

The Local Government Budget Act (LGBA), found in R.S. 39:1301-1315 was revised in 2014 and new standards were established. The finance director is aware of these revised standards and will monitor BREC's budgeted revenues and expenditures on a frequent basis, no less than monthly, and advise the Commission when 1) total revenue projections are failing to meet total budgeted revenues by 5% or more, 2) total expenditure projections are exceeding the total budgeted expenditures by 5% or more, 3) actual beginning fund balance fails to meet estimated beginning fund balance by 5% or more. The new standards only apply to the General Fund (Fund 1), Enhancement Operating fund (Fund 6), and the Enhancement Special Revenue Fund (Fund 5). Prior year fund balances will be accurately stated as beginning fund balance and not double counted as Prior Year Revenue in another fiscal year. Revenue will only be accounted for in the year it was earned.

Current Status: This is finding is resolved.

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

2014-03

Compliance with the Louisiana Audit Law

Criteria: La. R.S. 24:513 provides that an annual audit must be remitted to the Louisiana Legislative Auditor within six months of the close of the fiscal year.

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

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

Effect: The Commission is non-compliant with the state audit law with respect to timeliness of submission.

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

Management's Response
& Corrective Plan:

BREC will review and revise its current monthly reporting procedures and internal controls to ensure all processes and tasks associated with completing the audit are performed timely and accurately. BREC will also work closely with its auditors to identify and address complex issues immediately in order to ensure compliance with State law.

Current Status: This finding is resolved.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

REPORT TO MANAGEMENT

DECEMBER 31, 2015



A Professional Accounting Corporation

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RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

REPORT TO MANAGEMENT

DECEMBER 31, 2015

June 30, 2016

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, 2015, 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 an 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 30, 2016 on the financial statements of the Commission.

A. Purchase Cards

Condition:

The Commission utilizes purchase (credit) cards for small purchases by employees to allow for efficiency of operations. Approximately 180 such cards are in use throughout the park system. While BREC policy requires after the fact review and approval of all purchases by a supervisor and appropriate receipts to allow for adequate review, the existence of such a number of cards presents inherent risks of misuse.

Recommendation:

We recommend that Commission's administrative staff revisit the number of purchase cards in use and the employees that should be allowed to use them. The staff should consider limiting issuance of the cards to only those employees whose job function regularly demonstrates a need for immediate purchasing authority. Additionally, the Commission should clarify in its policy what types of transactions are allowed or not allowed to be purchased through the use of the purchase cards.

Management's Response:

BREC administrative staff continuously reviews the purchase card program to ascertain an optimal level of card users needed to accommodate the agency's operations adequately. Departmental directors, managers, and supervisors all participate in the determination of card allocation and usage as well as the authorization and review of associated purchases. Finance department staff review purchase card transactions on a monthly basis for a variety of reasons including prior authorization, purchasing policy adherence, appropriateness, proper documentation, departmental review/approval, errors, etc. to reduce the inherent risk of misuse. Additional measures, such as the transition from the current manual log system to an online reporting system, are scheduled in the upcoming months and are expected to add additional internal controls and efficiencies to the program.

B. Interfund Transfers

Condition:

The Commission, as do most governments, makes transfers of monies between its various accounting funds. The Commission's various special revenue and capital projects funds may account for restricted funds (from legislation, tax proposition or creditors), committed funds (formally set aside by the Commission's board) or assigned monies. While the Commission maintains an accounting for the use of transfers of restricted and committed funds to ensure compliance with the terms of the restrictions and commitment set forth by the authoritative source, we noticed that the accounting for the transfers of assigned funds could use improvement.

Recommendation:

Best practices call for an accounting for the purpose of transfers among funds. We recommend the Commission consider revising its method of accounting for transfers of assigned funds so that the costs being covered by the transfers are specified and considered for consistency with the intent of management's initial purpose in assigning the funds for a specific purpose.

Management's Response:

BREC implemented a Fund Balance Policy in August 2015 which addressed constraints placed upon how resources can be spent and identifies the sources of those constraints (GASB-54). Additionally, in BREC's 2016 Approved Annual Budget, only legally mandated interfund transfers (bond resolution and previously communicated Commission guidance) were budgeted or listed. All journal entries for transfers contain a comment indicating the cost being covered by the transfer.

C. Policy for Component Units

Condition:

Several legally separate, tax exempt entities currently exist to support various activities of the Commission. These entities include the Friends of the Zoo, the Friends of Magnolia Mound, the BREC Foundation and others. GASB codification Section 2100 requires tax-exempt entities to be included in a primary government's financial statements when all three of the following criteria are met:

- (a) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
- (b) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. This access is generally demonstrated through historical receipt of a majority of the component unit's resources or through financial interrelation.
- (c) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

The resources of the types of organizations noted above have historically been insignificant to the Commission operations as a whole and have therefore been excluded from BREC's financial statements. However, should these organizations' net assets or support for BREC become significant in future years, these organizations' financial statements should be included in BREC's financial statements as a component unit.

Recommendation:

We recommend the Commission adopt a policy for identifying potential component units. This policy would include obtaining reliable financial reporting from those entities in a timely manner each year, and for determining the significance to the Commission's operations as a whole.

Management's Response:

As indicated by our auditors, the economic resources received by the entities listed have historically been insignificant to the Commission operations as a whole to BREC. Yet, we will create a policy describing the financial accountability circumstances, detail the professional judgment used in determining a relationship, and establish a materiality threshold. The policy will be solicited to the referenced entities for inclusion in any current cooperative endeavor agreements and will specify a time for submission of financial reports/information to BREC on an annual basis.

D. Maintenance of Purchase Records for Sam's Cards

Condition:

The Commission utilizes credit cards for purchases by employees from Sam's Club. While BREC policy requires supporting documentation for these purchases be maintained and reviewed by supervisory personnel and the accounting department, two of the five items selected for testing lacked supporting documentation.

Recommendation:

We recommend the Commission ensure that the records for these transactions are obtained, reviewed, approved and maintained in accordance with BREC policy.

Management's Response:

The position administrating and overseeing the Sam's Club account was vacant for the second half of 2015. BREC agrees with the auditor's recommendation and a recently hired reconciliation clerk, will perform daily, weekly, and monthly reconciling activities on this account. The reconciliation clerk will also ensure all supporting documentation is present and reviewed prior to processing for payment. Additionally, BREC will investigate an alternative to utilization of Sam's Club credit cards entirely and solely employ the standard P-Card.

E. Settlement of Interfund Accounts

Condition:

The Commission, as do most governments, utilizes several interfund accounts to track balances due between its various accounting funds. We noted that the accounting for these balances could use improvement.

Recommendation:

The interfund accounts should be regularly reconciled and settled. We recommend the Commission adopt procedures to ensure these accounts are reconciled on a monthly basis to ensure that all of the accounts balance. Additionally, on a periodic basis the amounts due between the funds should be settled.

Management's Response:

BREC recognizes the ability in enhancing procedures in ensuring interfund account balances settle at month end. The senior accountant, will help realize interfund account balances (due to/froms) are reconciled on a monthly basis, and amounts due between funds are settled periodically. The finance director along with the accounting manager will continue to monitor development and execution of proper closing activities on a monthly basis.

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

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

Sincerely,

Postlethwaite + Netterville

STATUS OF PRIOR YEAR REPORT TO MANAGEMENT

Purchase Cards

Condition:

The Commission utilizes purchase (credit) cards for small purchases by employees to allow for efficiency of operations. Approximately 180 such cards are in use throughout the park system. While BREC policy requires after the fact review and approval of all purchases by a supervisor and appropriate receipts to allow for adequate review, the existence of such a number of cards presents inherent risks of misuse.

Recommendation:

We recommend that Commission's administrative staff revisit the number of purchase cards in use and the employees that should be allowed to use them. The staff should consider limiting issuance of the cards to only those employees whose job function regularly demonstrates a need for immediate purchasing authority.

Management's Response:

BREC will revisit the number of purchase cards in use as recommended by the auditor to determine if the number can be reduced without adversely affecting operations in an effort to reduce the inherent risks of misuse. Additionally, BREC will continue to reduce these inherent risks through strong internal controls currently in place.

Current Status:

This matter is also mentioned in the current year's management letter.

Arbitrage Rebate

Condition:

General Bond Resolution under which BREC's currently outstanding bonds were issued requires BREC to establish an arbitrage account that would be funded in amounts sufficient to pay expected arbitrage. Additionally, arbitrage calculations should be performed annually. The account has not been established and calculations are not being performed.

Recommendation:

It is recommended that an arbitrage account be established and annual calculations performed in accordance with the bond resolution.

Management's Response:

BREC will follow the auditor's recommendation and 1) create an arbitrage account that would be funded in amounts sufficient to pay expected arbitrage, and 2) perform annual calculations as prescribed.

Current Status:

This matter is resolved.

Internal Audit Function

Condition:

The Commission's operations and services are conducted and provided at numerous facilities located throughout the Parish. The facilities collect revenues, maintain property and retail inventory and other activities affecting the Commission's finances. Such a level of decentralized activity could benefit from an internal audit function.

Recommendation:

We recommend the Commission consider implementing an internal audit function, either through outsourced means or through employment of personnel.

Management's Response:

BREC will continue to analyze the staffing needs of the organization including the Finance department and the implementation of an internal audit function as recommended by the auditors. This position will audit and help ensure that operations and services of the agency are conducted consistently and within the prescribed internal controls.

Current Status:

This matter is resolved.

Interfund Transfers

Condition:

The Commission, as do most governments, makes transfers of monies between its various accounting funds. The Commission's various funds may account for restricted funds (from legislation, tax proposition or creditors), committed funds (formally set aside by the Commission's board) or assigned monies. While the Commission maintains an accounting for the use of transfers of restricted and committed funds to ensure compliance with the terms of the restrictions and commitment set forth by the authoritative source, we noticed that the accounting for the transfers of assigned funds could use improvement.

Recommendation:

We recommend the Commission consider revising its method of accounting for transfers of assigned funds so that the costs being covered by the transfers are specified and considered for consistency with the intent of management's initial purpose in assigning the funds for a specific purpose.

Management's Response:

BREC is currently undertaking steps to review all of our interfund transfers in an effort to provide additional transparency in the presentation of our financial statements. In addition to these ongoing efforts, BREC will implement the auditor's recommendation to maintain compliance with the terms of any restrictions or commitments set by authoritative sources by clearly expressing intent of assigned funds to be used for specific purposes. BREC recently took steps to better address this issue by implementing a Fund Balance policy which speaks to the specific intent of assigned funds. It is understood that assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of BREC.

Current Status:

This matter is partially resolved. See current year management letter comment.