BREC

Financial Report 2019

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Postlethwaite & Netterville

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2019

Postlethwaite & Netterville

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) as of and for the year ended December 31, 2019, 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, 2019, the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of Changes in the Total Other Post-Employment Benefit Plan Liability and Related Ratios, the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Employer Contributions to Cost-Sharing Defined Benefit Plans presented on pages 3 through 9, pages 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 on pages 54 and 55 are also presented for the purpose of additional analysis and are also not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and related notes on pages 60 and 61 is required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2020 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
August 27, 2020

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION – PART I

MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2019

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.

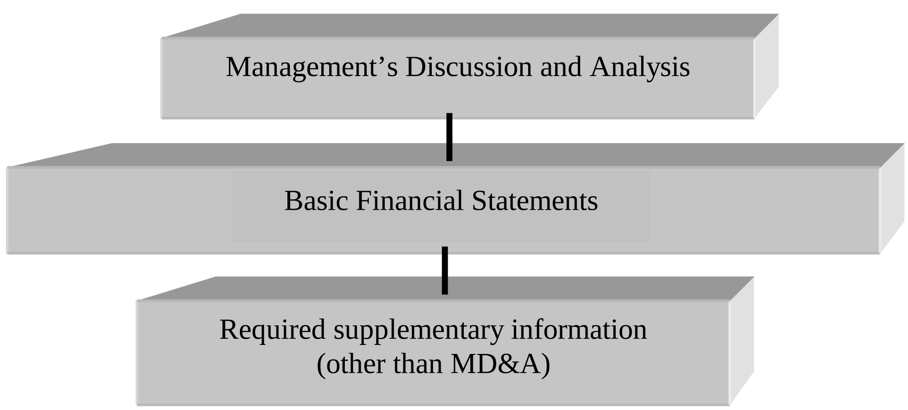
FINANCIAL HIGHLIGHTS

- ★ Assets and deferred outflows of the Recreation and Park Commission exceeded its liabilities and deferred inflows on December 31, 2019 by $178,722,286 (net position). Most of this amount is comprised of capital assets and amounts restricted to capital projects or debt service. Of this net position amount, $4,582,481 (unrestricted net position) may be used to meeting ongoing obligations to our creditors.

- ★ As of December 31, 2019, the governmental funds reported combined ending fund balances of $111,707,149, an increase of $12,939,208 in comparison with the prior year. The increase is the result of increases in ad valorem tax collections combined with proceeds from the sale of property. Approximately 21% of the fund balance, $23,270,592, 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 presented to which the Commission may be obligated to provide financial assistance; and therefore no component units are represented in these statements.

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY

The following table reflects the condensed Statement of Net Position for 2019 and 2018:

Condensed Statements of Net Position
as of December 31, 2019 and 2018

	2019	2018
Assets		
Current and other assets	$ 125,113,672	$ 110,023,503
Capital assets	174,234,627	174,170,816
Total assets	299,348,299	284,194,319
Deferred outflows	33,106,366	14,557,085
Liabilities		
Current liabilities	7,214,954	5,503,337
Non-current liabilities		
Due within one year	6,549,036	6,615,800
Due in more than one year	138,391,866	108,647,493
Total liabilities	152,155,856	120,766,630
Deferred inflows	1,576,523	5,692,523
Net position		
Net investment in capital assets	150,097,566	146,275,986
Restricted	24,042,239	23,052,184
Unrestricted	4,582,481	2,964,081
Total net position	$ 178,722,286	$ 172,292,251

- Approximately 84% of the Commission's net position as of December 31, 2019 reflects investment in capital assets less any outstanding debt used to acquire those assets (land, buildings, infrastructure, machinery and equipment). The Commission uses these assets to provide services to the public, consequently these assets are not available for future spending. Although the Commission's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- Another 13% of the Commission's net position is subject to external restrictions, primarily those for capital expenditure and bond reserves.
- The remaining 3% 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 2019 and 2018:

Condensed Statements of Revenues and Expenses
For the Years Ended December 31, 2019 and 2018

	2019	2018
Revenues		
Program revenues		
Charges for services	$ 9,610,273	$ 9,881,753
Capital grants and contributions	2,127,495	1,370,950
General revenues		
Ad Valorem Tax	65,090,382	61,832,345
State Revenue Sharing	1,544,653	1,551,264
Other General Revenues	7,075,147	2,274,861
	85,447,950	76,911,173
Expenses		
Administration and Planning	21,950,934	19,106,779
Maintenance Department Operations	16,375,696	14,333,077
Recreation Program Operations	22,889,641	21,186,005
Golf Operations	8,182,340	7,235,278
Zoo Operations	7,186,874	6,255,005
Aquatics and Therapeutics	1,626,799	1,321,393
Interest on long-term debt	805,631	890,944
	79,017,915	70,328,481
Excess of revenues over expenses	$ 6,430,035	$ 6,582,692
Net position, beginning of year	172,292,251	165,709,559
Net position, end of year	$ 178,722,286	$ 172,292,251

The Commission's revenues are comprised almost entirely of property taxes and charges for services for use of facilities and activities. Property taxes experienced a 5.3% increase due to property growth to the rolls of the Parish. The charges for services experienced a slight decrease. Some of the drivers of this reduction include reduced revenue generated from summer camps, sports activities, golf activities at Beaver Creek golf course, and fewer events at the Fairgrounds and Greenwood Park. Charges for services revenue is heavily dependent upon the weather conditions during any one year as a number of facilities are outdoors. In 2019, closure or reduced capacity of facilities also played a role. Inclement weather, particularly on weekend days, can cause this revenue stream to fluctuate from one year to the next. Other general revenues increased significantly as a result of the sale of property.

The Commission's expenses, overall, increased by $8,689,434, or 12.4% between 2019 and 2018 largely because of non-cash pension costs. The General Fund operating expenditures increased approximately $2,200,000, or 4%, as a result of several factors including increased costs associated with a new accounting system, outsourced contracts, salary adjustments, and the purchase of updated equipment. The related accounts payable and accrued expenses also increased due to timing of the expenditures at December 31, 2019 compared to December 31, 2018.

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 $23,270,592, while total fund balance of the general fund was $69,425,370. Compared with total general fund balance of $60,523,752 at the end of 2018, fund balance increased $8,901,618 during 2019. The fund balance increase is a result of revenues exceeding expenditures for the year as well as proceeds received from the sale of property. This fund balance can be used to support operations in accordance with restrictions, commitments, or assignments placed thereon.

The Commission's other governmental funds, consisting of the Debt Service Fund, the Capital Improvements Fund, the Enhancement Construction Fund and the Special Revenue Enhancement Fund collectively contain $42,281,779 of fund balance which is either restricted, committed or assigned for various purposes including debt payments and capital improvements, or assigned for certain uses as determined by management. The Commission also maintains an Enhancement Operating Fund that accounts for the portion of a certain millage that is earmarked for operating supplements under the Imagine Your Parks Strategic Master Plan that is combined with the General Fund for presentation in accordance with GASB 54. Combining General Fund financial statements on pages 54 and 55 show the components of the General Fund.

The Louisiana Local Government Budget Act (the Act) requires that the Commission adopt annual budgets for its general and special revenue funds and to adopt budget amendments whenever revenue collections and other sources fail to meet budgeted projections by more than 5%; or when actual expenditures and other uses exceed budgeted expenditures and other uses by more than 5%; or when actual beginning fund balance fails to meet estimated beginning fund balance by more than 5% if fund balance is being used to fund current year expenditures. As indicated in the required supplemental information showing the budgeted revenues, expenditures, and other financing sources and uses for the General and Special Revenue Enhancement Funds on pages 48 and 49, no budget amendments were adopted and actual results 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, 2019 total $174,234,627 (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 48% of the original cost of all capital assets, and approximately 54% of depreciable capital assets. Capital asset additions in 2019 were $12,607,514 (excluding reclassification of construction-in-progress), or approximately 7% of the net book value of all capital assets.

Capital Assets at December 31
(Net of Depreciation)

	2019	2018
Land	$ 29,838,234	$ 29,923,241
Construction in progress	10,218,331	8,053,734
Moveable Property and Equipment	5,828,861	5,303,280
Immoveable Property	128,349,201	130,890,561
Totals	$ 174,234,627	$ 174,170,816

The Commission maintains two funds for capital improvement projects. The first is the Capital Improvements Fund, which accounts for the proceeds of 50% of a property tax of 4.10 mills dedicated to capital improvements and which the Commission has traditionally used for its on-going Capital Improvement Program. This fund provides for capital improvements on a pay-as-you-go basis. Total expenditures in 2019 of the Capital Improvements Fund were $9,295,834. The second fund is the Enhancement Construction Fund, which accounts for a portion of the proceeds of a property tax of 3.253 mills that was approved by the citizenry for funding the operation, maintenance, construction of the park system in accordance with the Strategic Master Plan. Total expenditures in 2019 of the Enhancement Construction Fund were $2,480,641. The combined total expenditures of the two capital projects funds were $11,776,475 and $10,407,529 in 2019 and 2018, respectively.

Some of the more significant capital improvements during the 2019 fiscal year included construction and renovation projects at the following locations: Milton Womack Administration Building, Webb Memorial Park, Greenwood Community Park, and flood renovations for Lovett Road and Forest Park.

Long-term debt

At the end of the calendar year 2019, the Commission had total bonded debt outstanding of $25,110,000, compared to bonded debt outstanding as of December 31, 2018 of $28,995,000. This decrease reflects principal payments on the bonds that were made according to schedule. A capital lease was entered into during fiscal year 2018 for the purchase of mower equipment. The lease balance outstanding at December 31, 2019 was $293,826. Long-term debt also includes the Commission's accrued compensated leave of $3,261,695 and self-insurance claims payable of $1,772,000. Other significant liabilities include the Commission's share of the City-Parish Employees' Retirement System net pension liability of $93,522,057 and the total other post-employment benefits liability of $20,981,324.

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 2020 budget:

- Property tax revenues will remain relatively constant.
- User fees will remain relatively constant.
- Operating expenses will increase due commodity pricing, utilities, professional agreements and license agreements.
- Capital expenditures will continue from available pay-as-you-go tax revenue for parks and replacement of aging fleet and equipment.

The economic downturn as a result of the outbreak of a novel coronavirus as a global pandemic and the financial impacts thereof were not factored into the 2020 budget. See Note 14.

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, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 58,342,922
Ad valorem taxes receivable, net	64,131,572
Due from other governments and other	2,241,427
Inventory	397,751
Capital assets - non-depreciable	40,056,565
Capital assets - depreciable, net	134,178,062
TOTAL ASSETS	299,348,299
DEFERRED OUTFLOWS	
Loss on bond refunding	1,266,765
Total other post-employment benefit (OPEB) liability	4,775,172
Net pension liability	27,064,429
TOTAL DEFERRED OUTFLOWS	33,106,366
LIABILITIES	
Accounts payable	4,658,576
Accrued expenses payable	2,556,378
Long-term liabilities:	
Due within one year (bonds, lease, compensated absences, claims)	5,989,036
Due within one year (total other post-employment benefits liability)	560,000
Due in more than one year	24,448,485
Total other post-employment benefits liability	20,421,324
Net pension liability	93,522,057
TOTAL LIABILITIES	152,155,856
DEFERRED INFLOWS	
Total other post-employment benefit (OPEB) liability	1,319,477
Net pension liability	257,046
TOTAL DEFERRED INFLOWS	1,576,523
NET POSITION	
Net investment in capital assets	150,097,566
Restricted	
Capital projects	19,616,114
Debt service	4,426,125
Unrestricted	4,582,481
TOTAL NET POSITION	$ 178,722,286

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, 2019

	Expenses	Charges for Services	Capital Grants and Contributions	Total Governmental Activities
Functions/Programs				
Governmental activities				
Administration and planning	$ 21,950,934	$ -	$ -	$ (21,950,934)
Maintenance department operations	16,375,696	-	-	(16,375,696)
Recreation program operations	22,889,641	3,262,427	1,998,623	(17,628,591)
Golf operations	8,182,340	3,375,160	128,872	(4,678,308)
Zoo operations	7,186,874	1,934,590	-	(5,252,284)
Aquatics and therapeutics	1,626,799	1,038,096	-	(588,703)
Interest Expense	805,631	-	-	(805,631)
	$ 79,017,915	$ 9,610,273	$ 2,127,495	$ (67,280,147)
			General Revenues	
			Property taxes	65,090,382
			State revenue sharing	1,544,653
			Earnings on investments	1,995,380
			Gain from sale of property	4,564,993
			Miscellaneous	514,774
			Total general revenues	73,710,182
			Change in Net Position	6,430,035
			Net Position - December 31, 2018	172,292,251
			Net Position - December 31, 2019	$ 178,722,286

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, 2019

	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	NON-MAJOR FUND Debt Service Fund	Total
ASSETS						
Cash and cash equivalents	$ 19,303,065	$ 19,459,120	$ 17,029,374	$ 143,128	$ 87,153	$ 56,021,840
Ad valorem taxes receivable, net	40,617,105	9,090,073	-	14,424,394	-	64,131,572
Due from governments and other	2,045,549	195,878	-	-	-	2,241,427
Inventory	397,751	-	-	-	-	397,751
Due from other funds	14,627,317	118,783	4,237,942	2,665,373	4,428,111	26,077,526
TOTAL ASSETS	76,990,787	28,863,854	21,267,316	17,232,895	4,515,264	148,870,116
DEFERRED OUTFLOWS	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 76,990,787	$ 28,863,854	$ 21,267,316	$ 17,232,895	$ 4,515,264	$ 148,870,116
LIABILITIES						
Accounts payable	2,584,304	1,155,820	353,638	405,030	-	4,498,792
Accrued expenses payable	2,088,938	303,097	75,204	-	-	2,467,239
Due to other funds	522,933	7,254,696	2,688,073	16,134,757	-	26,600,459
TOTAL LIABILITIES	5,196,175	8,713,613	3,116,915	16,539,787	-	33,566,490
DEFERRED INFLOWS	2,369,242	534,127	-	693,108	-	3,596,477
FUND BALANCE						
Nonspendable	397,751	-	-	-	-	397,751
Spendable:						
Restricted	-	19,616,114	-	-	4,515,264	24,131,378
Committed	1,342,965	-	-	-	-	1,342,965
Assigned	44,414,062	-	18,150,401	-	-	62,564,463
Unassigned	23,270,592	-	-	-	-	23,270,592
TOTAL FUND BALANCE	69,425,370	19,616,114	18,150,401	-	4,515,264	111,707,149
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	$ 76,990,787	$ 28,863,854	$ 21,267,316	$ 17,232,895	$ 4,515,264	$ 148,870,116

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, 2019

Total Fund Balances at December 31, 2019 - Governmental Funds		$ 111,707,149
Cost of capital assets at December 31, 2019	$ 333,535,942	
Less: Accumulated Depreciation as of December 31, 2019	159,301,315	174,234,627
Deferred inflows at December 31, 2019 (property tax and revenue sharing not available)		3,596,477
Deferred inflows at December 31, 2019 (net pension liability)		(257,046)
Deferred outflows at December 31, 2019 (loss on bond refunding)		1,266,765
Deferred outflows at December 31, 2019 (net pension liability)		27,064,429
Deferred inflows at December 31, 2019 (total OPEB liability)		(1,319,477)
Deferred outflows at December 31, 2019 (total OPEB liability)		4,775,172
Consolidation of internal service funds		912,231
Accrued interest on bonds payable		(89,139)
Long-term liabilities at December 31, 2019:		
Bonds payable	$ (25,110,000)	
Compensated absences payable	(3,261,695)	
Lease debt	(293,826)	
Net Pension Liability	(93,522,057)	
Total other post-employment benefit obligation	(20,981,324)	(143,168,902)
Total net position at December 31, 2019 - Governmental Activities		$ 178,722,286

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, 2019

					NON-MAJOR FUND	
	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	Debt Service Fund	Total
REVENUES						
Local sources:						
Ad valorem taxes	$ 41,128,848	$ 9,204,600	$ -	$ 14,606,129	$ -	$ 64,939,577
Recreation activity fees	9,610,273	-	-	-	-	9,610,273
Earnings on investments	845,713	490,080	412,435	101,834	37,048	1,887,110
Donations and miscellaneous	308,772	121,925	320	-	-	431,017
Intergovernmental revenues:						
Revenue sharing	1,254,523	292,456	-	-	-	1,546,979
Restricted grants-in-aid	1,806,801	127,688	45,000	-	-	1,979,489
TOTAL REVENUES	54,954,930	10,236,749	457,755	14,707,963	37,048	80,394,445
EXPENDITURES						
Current:						
Administrative and planning	14,031,991	255,245	-	405,030	1,700	14,693,966
Maintenance department operations	11,936,646	-	-	-	-	11,936,646
Recreation program operations	12,185,325	-	-	-	-	12,185,325
Golf operations	5,984,601	-	-	-	-	5,984,601
Zoo operations	5,543,440	-	-	-	-	5,543,440
Aquatics and therapeutics	1,380,300	-	-	-	-	1,380,300
Flood relief operations	108,030	-	-	-	-	108,030
Debt service						
Principal	107,496	-	-	-	3,885,000	3,992,496
Interest	8,311	-	-	-	576,218	584,529
Capital outlay	3,174,674	9,040,589	2,480,641	-	-	14,695,904
TOTAL EXPENDITURES	54,460,814	9,295,834	2,480,641	405,030	4,462,918	71,105,237
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	494,116	940,915	(2,022,886)	14,302,933	(4,425,870)	9,289,208

(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, 2019

					NON-MAJOR FUND	
	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	Debt Service Fund	Total
OTHER FINANCING SOURCES (USES)						
Land sale proceeds	4,650,000	-	-	-	-	4,650,000
Transfers out	(1,000,000)	-	-	(14,302,933)	-	(15,302,933)
Transfers in	4,757,502	-	5,084,213	-	4,461,218	14,302,933
TOTAL OTHER FINANCING SOURCES (USES)	8,407,502	-	5,084,213	(14,302,933)	4,461,218	3,650,000
CHANGES IN FUND BALANCE	8,901,618	940,915	3,061,327	-	35,348	12,939,208
Fund Balance, December 31, 2018	60,523,752	18,675,199	15,089,074	-	4,479,916	98,767,941
Fund Balance, December 31, 2019	$ 69,425,370	$ 19,616,114	$ 18,150,401	$ -	$ 4,515,264	$ 111,707,149

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, 2019

Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds		$ 12,939,208
Capital Assets:		
Capital outlay and other expenditures capitalized	$ 12,607,514	
Net effect of sales and disposals of capital assets	(218,730)	
Depreciation expense for year ended December 31, 2019	(12,324,973)	63,811
Change in deferred inflows and outflows - property tax and revenue sharing		148,479
Change in net position of internal service fund		430,073
Long Term Debt:		
Principal portion of debt service payments and redemptions	$ 3,885,000	
Change in net pension liability and related deferrals	(9,957,446)	
Change in post-employment benefit obligation	(923,369)	
Deferred loss amortization	(233,864)	
Payment on lease debt	106,633	
Change in accrued interest on long-term debt	13,792	
Change in compensated absences payable	(42,282)	(7,151,536)
Change in Net Position - Governmental Activities		$ 6,430,035

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, 2019

	Employee Benefit Fund	Risk Management Fund	Unemployment Insurance Fund	Total Internal Service Funds
ASSETS				
Current:				
Cash and cash equivalents	$ 1,405,688	$ 520,120	$ 395,274	$ 2,321,082
Due from other funds	357,778	165,155	-	522,933
TOTAL ASSETS	$ 1,763,466	$ 685,275	$ 395,274	$ 2,844,015
LIABILITIES				
Liabilities:				
Current:				
Accounts payable	143,990	15,794	-	159,784
Claims payable	300,000	607,000	-	907,000
	443,990	622,794	-	1,066,784
Long-term:				
Claims payable	-	865,000	-	865,000
TOTAL LIABILITIES	443,990	1,487,794	-	1,931,784
NET POSITION				
Restricted	-	100,000	-	100,000
Unrestricted	1,319,476	(902,519)	395,274	812,231
	1,319,476	(802,519)	395,274	912,231
TOTAL LIABILITIES AND NET POSITION	$ 1,763,466	$ 685,275	$ 395,274	$ 2,844,015

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, 2019

	Employee Benefit Fund	Risk Management Fund	Unemployment Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Premiums received	$ 5,225,686	$ 82,757	$ -	$ 5,308,443
TOTAL OPERATING REVENUE	5,225,686	82,757	-	5,308,443
OPERATING EXPENSES				
Claims expense	3,541,323	848,702	-	4,390,025
Insurance premiums	-	604,589	-	604,589
Administrative fees	846,833	145,193	-	992,026
TOTAL OPERATING EXPENSES	4,388,156	1,598,484	-	5,986,640
NET OPERATING INCOME (LOSS)	837,530	(1,515,727)	-	(678,197)
NON-OPERATING REVENUES				
Interest income	74,388	24,990	8,892	108,270
Transfers in	-	1,000,000	-	1,000,000
CHANGE IN NET POSITION	911,918	(490,737)	8,892	430,073
NET POSITION at DECEMBER 31, 2018	407,558	(311,782)	386,382	482,158
NET POSITION at DECEMBER 31, 2019	$ 1,319,476	$ (802,519)	$ 395,274	$ 912,231

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, 2019

	Employee Benefit Fund	Risk Management Fund	Unemployment Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash premiums received	$ 5,225,686	$ 82,757	$ -	$ 5,308,443
Cash paid in claims and premiums	(3,541,323)	(1,606,291)	-	(5,147,614)
Cash paid for expenses	(865,134)	(172,746)	-	(1,037,880)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	819,229	(1,696,280)	-	(877,051)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund transfers and advances	(961,394)	871,191	-	(90,203)
NET CASH (USED IN) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	(961,394)	871,191	-	(90,203)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income	74,388	24,990	8,892	108,270
NET CASH PROVIDED BY INVESTING ACTIVITIES	74,388	24,990	8,892	108,270
NET CHANGE IN CASH	(67,777)	(800,099)	8,892	(858,984)
Cash at beginning of year	1,473,465	1,320,219	386,382	3,180,066
CASH AT END OF YEAR	$ 1,405,688	$ 520,120	$ 395,274	$ 2,321,082
Reconciliation of change in net position to net cash used in operating activities				
Net operating income (loss)	$ 837,530	$ (1,515,727)	$ -	$ (678,197)
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:				
Changes in:				
Accounts receivable	-	-		-
Accounts payable	(18,301)	(27,553)	-	(45,854)
Accrued expenses	-	-	-	-
Claims payable	-	(153,000)	-	(153,000)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 819,229	$ (1,696,280)	$ -	$ (877,051)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

B. BASIS OF PRESENTATION AND ACCOUNTING

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

Government-Wide Financial Statements (GWFS)

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

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

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Government-Wide Financial Statements (GWFS) (continued)

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

Fund Financial Statements (FFS)

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

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

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

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

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

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

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

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

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Fund Financial Statements (FFS) (continued)

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

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

Revenues

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

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

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

Expenditures

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

Vendor payments are recorded as the obligation is incurred.

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

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

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Fund Financial Statements (FFS) (continued)

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

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

C. CASH AND INVESTMENTS

Cash and cash equivalents can include demand deposit account balances, certificates of deposit and U.S. government securities with maturities of 90 days or less from the date purchased. As of December 31, 2019, cash and cash equivalents consist solely of demand and term deposits.

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

D. ELIMINATION AND RECLASSIFICATIONS

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

E. INVENTORY

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

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

F. CAPITAL ASSETS

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

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

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

G. COMPENSATED ABSENCES

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

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

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

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

G. COMPENSATED ABSENCES (continued)

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

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

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

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

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

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

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

H. NET POSITION

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

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

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

I. FUND EQUITY OF FUND FINANCIAL STATEMENTS

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

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

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

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

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

Unassigned – represent balances for which there are no constraints.

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

J. INTERFUND ACTIVITY

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

K. USE OF ESTIMATES

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

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

L. BUDGET PRACTICES

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

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

M. ENCUMBRANCES

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

N. LONG-TERM OBLIGATIONS

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

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

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

O. PENSION PLANS

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

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

P. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

2. **PROPERTY TAXES**

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

The 2019 property tax calendar was as follows:

Millage rates adopted	May 30, 2019
Levy date	May 30, 2019
Tax bills mailed	November 22, 2019
Due date	December 31, 2019

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

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

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

2. **PROPERTY TAXES** (continued)

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

The authorized and levied millage consisted of the following for 2019:

Approved Millage Rate	Levied Millage Rate	Expiration	Authorized Use Per Proposition
4.10	4.10	2024	Capital improvements, operations, maintenance
2.10	2.10	2024	Operations and maintenance
3.96	3.96	2026	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
14.463	14.463		

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

	Gross Property Taxes Receivable	Estimated Uncollectible Property Taxes	Net Property Taxes Receivable
General Fund	$ 41,027,379	($ 410,274)	$ 40,617,105
Capital Improvements Fund	9,181,892	(91,819)	9,090,073
Special Revenue Enhancement Fund	14,570,095	(145,701)	14,424,394
	$ 64,779,366	($ 647,794)	$ 64,131,572

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

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

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

For the fiscal year ended December 31, 2019, approximately $6,000,000 in ad valorem taxes, depreciated proportionally on an assumed 15- year basis, were abated as a result of this program.

3. CASH AND CASH EQUIVALENTS

At December 31, 2019, the Commission's cash balances consist of deposits in financial institutions and petty cash at various facilities as follows:

	Carrying Amount	Bank Balance
Cash and cash equivalents	$ 58,312,637	$ 58,509,468
Petty cash	30,285	-
	$ 58,342,922	$ 58,509,468

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, 2019.

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, 2019.

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2019 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 29,923,241	$ -	$ (85,007)	$ 29,838,234
Construction-in-progress	8,053,735	10,617,977	(8,453,381)	10,218,331
Total capital assets, not depreciated	37,976,976	10,617,977	(8,538,388)	40,056,565
Capital Assets Being Depreciated				
Immovable property	264,401,884	8,453,381	(17,668)	272,837,597
Movable property and equipment	19,399,220	1,989,537	(746,977)	20,641,780
Total capital assets being depreciated	283,801,104	10,442,918	(764,645)	293,479,377
Less Accumulated Depreciation For				
Immovable property	133,511,323	10,977,073	-	144,488,396
Movable property and equipment	14,095,941	1,347,900	(630,922)	14,812,919
	147,607,264	12,324,973	(630,922)	159,301,315
Total Capital Assets Being Depreciated (net)	136,193,840	(1,882,055)	(133,723)	134,178,062
Total Captial Assets (net)	$ 174,170,816	$ 8,735,922	$ (8,672,111)	$ 174,234,627

Depreciation expense for 2019 is charged to the following functions in the statement of activities:

Administrative and planning	$ 985,998
Maintenance department operations	985,998
Recreation, program operations	8,627,481
Golf operations	1,109,248
Zoo operations	369,749
Aquatics operations	246,499
	$ 12,324,973

5. RETIREMENT SYSTEMS

A. DEFINED BENEFIT PLANS

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

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

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

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

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

Plan Description

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

Retirement Benefits

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

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

5. **RETIREMENT SYSTEMS** (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

A. Normal Retirement

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

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

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

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

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

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

5. **RETIREMENT SYSTEMS** (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

B. Deferred Retirement Option Program (DROP)

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

Funding Policy

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

Contributions to the plan are required and determined by the East Baton Rouge Metropolitan Council and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended December 31, 2019, for the Commission and covered employees were as follows:

Commission	Employees
35.10%	9.50%

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

December 31,		
2019	2018	2017
$ 6,170,459	$ 6,083,889	$ 5,480,952

5. **RETIREMENT SYSTEMS** (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

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

The following schedule lists the Commission's proportionate share of the Net Pension Liability allocated by the pension plan as of the measurement date for the plan of December 31, 2018. The Commission uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2018 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used as of the respective measurement date along with the change compared to the immediately prior measurement date. The Commission's proportion of the Net Pension Liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Measurement Date	Net Pension Liability at Measurement Date	Proportion at Measurement Date	Increase (Decrease) to Prior Year Proportion
December 31, 2018	$ 93,522,057	12.7513%	0.5861%

The Commission's recognized pension expense for the year ended December 31, 2019 was $16,275,911.

At December 31, 2019, the Commission reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 3,875,989	$ -
Changes in assumptions	3,027,452	-
Net difference between projected and actual earnings on pension plan investments	10,682,842	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,163,178	(101,408)
Differences between allocated and actual contributions	144,509	(155,638)
Employer contributions subsequent to the measurement date	6,170,459	-
	$ 27,064,429	$ (257,046)

The Commission reported a total of $6,170,459 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, 2020.

5. **RETIREMENT SYSTEMS** (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

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

Deferral Period	CPERS
2020	$ 8,168,969
2021	4,573,672
2022	4,017,861
2023	3,876,422
	$ 20,636,924

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, 2018	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Expected Remaining Service Lives	4 years	
Investment Rate of Return	7.04% net of investment expenses	
Inflation Rate	2.75% per annum	
Mortality	RP-2000 Healthy Combined Blue Collar Projected with Scale BB to 2019 RP-2000 Disabled Mortality Projected with Scale BB to 2019	
Salary Increases	*Age*	*Increase*
	30	*2.50%*
	35	*1.50%*
	40	*1.25%*
	45	*0.75%*
	50	*0.50%*
	55	*0.00%*
Cost of Living Adjustments	None	

5. **RETIREMENT SYSTEMS** (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

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

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

Asset Class	Long-Term Target Asset Allocation	Expected Portfolio Real Rate of Return
Core fixed income	15.0%	1.77%
Core plus fixed income	15.0%	2.25%
Large cap domestic equity	19.5%	3.70%
Non-large cap domestic equity	3.0%	5.11%
International large cap equity	15.0%	5.56%
International small cap equity	2.5%	5.56%
Emerging market equity	5.0%	8.00%
Core real estate	5.0%	4.11%
Master limited partnerships	5.0%	3.16%
Private equity	5.0%	7.78%
Risk parity	5.0%	3.54%
Hedge funds	5.0%	2.20%
Total	100.0%	

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at 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 was 7.04% for the measurement date of December 31, 2018.

5. **RETIREMENT SYSTEMS** (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
Rates	6.04%	7.04%	8.04%
Commission's Share of NPL	$ 114,675,650	$ 93,522,057	$ 75,792,509

Payables to the Pension Plan

The Commission recorded accrued liabilities to CPERS for the year ended December 31, 2019 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, 2019 is $388,561.

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 3.5%, respectively, of their annual covered payroll while the Commission contributes at a rate of 18.0% and 18.0%, respectively. Contributions to the plans were as follows for the past two years:

2019	$114,430
2018	$106,519

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

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

5. **RETIREMENT SYSTEMS** (continued)

B. DEFERRED COMPENSATION PLAN

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

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

Total contributions by the Commission are 4% of the covered payroll. The participant's contribution (4%), less any monthly fee required to cover the cost of administration and maintenance of the deferred compensation plan, is remitted to the designated company or companies. Benefits payable to participants are not the obligations of the Commission. Such benefits and other rights of the deferred compensation plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the deferred compensation plan each were approximately $158,000 for the year ended December 31, 2019.

6. **OTHER POST-EMPLOYMENT BENEFITS**

General Information about the OPEB Plan

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

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

Employees covered by benefit terms – At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	68
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	383
	451

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

Total OPEB Liability

The Commission's total OPEB liability of $20,981,324 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019.

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	4.0%, including inflation
Discount rate	4.10% annually (Beginning of Year to Determine ADC)
	2.74% annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2019, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2019 to December 31, 2019.

Changes in the Total OPEB Liability

Balance at December 31, 2018	$ 15,586,651
Changes for the year:	
Service cost	341,465
Interest	631,998
Differences between expected and actual experience	860,878
Changes in assumptions	3,904,446
Benefit payments and net transfers	(344,114)
Net changes	5,394,673
Balance at December 31, 2019	$ 20,981,324

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

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current discount rate:

1.0% Decrease (1.74%)	Current Rate (2.74%)	1.0% Increase (3.74%)
$ 24,815,532	$ 20,981,324	$ 17,959,641

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

1.0% Decrease (4.5%)	Current Rate (5.5%)	1.0% Increase (6.5%)
$ 18,931,071	$ 20,981,324	$ 25,609,673

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

For the year ended December 31, 2019, the Commission recognized OPEB expense of $799,869. At December 31, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,171,068	$ -
Changes in assumptions	3,604,104	(1,319,477)
Total	$ 4,775,172	$ (1,319,477)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense over 15 years as follows:

Years ending December 31,:		
2020	$	294,020
2021		294,020
2022		294,020
2023		294,020
2024		294,020
Thereafter		1,985,595
	$	3,455,695

7. **LONG-TERM LIABILITIES**

The following is a summary of the changes in general long-term obligations for the year ended December 31, 2019:

	Beginning of Year Balance	Additions	Deductions	End of Year Balance
Tax revenue bonds	$ 28,995,000	$ -	$ 3,885,000	$ 25,110,000
Lease debt	400,459	-	106,633	293,826
Compensated absences payable	3,219,413	1,147,816	1,105,534	3,261,695
Claims payable	1,940,000	4,222,025	4,390,025	1,772,000
	$ 34,554,872	$ 5,369,841	$ 9,487,192	$ 30,437,521

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, 2019:

	Current	Long-Term
Tax revenue bonds	$ 3,970,000	$ 21,140,000
Lease debt	112,036	181,790
Compensated absences payable	1,000,000	2,261,695
Claims payable	907,000	865,000
	$ 5,989,036	$ 24,448,485

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

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

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

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

In connection with the refunding, the Commission paid an up-front cost that resulted in an accounting loss of $3,001,256 which will be systematically recognized over the life of the refunded bonds as an adjustment to interest expense and which is recognized as deferred outflow on the entity-wide financial statements. Through December 31, 2019, $1,266,765 of the deferred outflow had been amortized to interest expense resulting in a remaining deferred amount on refunding of $1,734,492 carried on the entity-wide statement of net position. Amortization of the loss for 2019 was $233,864.

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

Bonds outstanding were as follows at December 31, 2019:

	Date of Issue	Original Balance	Ending Balance
Series 2012 A Limited			
Tax Revenue Refunding Bonds 2.13%	08/02/12	$ 31,190,000	$ 18,465,000
Series 2012 B Limited			
Tax Revenue Bonds 2.13%	11/06/12	13,000,000	6,645,000
		$ 44,190,000	$ 25,110,000

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

Year Ending December 31,	Principal	Interest	Total
2020	3,970,000	492,563	4,462,563
2021	4,055,000	407,096	4,462,096
2022	4,135,000	319,873	4,454,873
2023	4,230,000	230,786	4,460,786
2024	4,315,000	139,781	4,454,781
2025	4,405,000	46,913	4,451,913
	$ 25,110,000	$ 1,637,012	$ 26,747,012

8. INTERFUND TRANSACTIONS

Interfund receivable/payable:

	Interfund Receivable	Interfund Payable
General Fund	$ 14,627,317	$ 522,933
Debt Service Fund	4,428,111	-
Enhancement Construction Fund	4,237,942	2,688,073
Capital Improvements Fund	118,783	7,254,696
Special Revenue Enhancement Fund	2,665,373	16,134,757
Internal Service Funds	522,933	-
	$ 26,600,459	$ 26,600,459

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

Transfers:

	Transfers Out	Transfers In
General Fund	$ 1,000,000	$ 4,757,502
Debt Service Fund	-	4,461,218
Enhancement Construction Fund	-	5,084,213
Special Revenue Enhancement Fund	14,302,933	-
Internal Service Funds	-	1,000,000
	$ 15,302,933	$ 15,302,933

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 $650,000 per occurrence, and for employee health is $125,000 per occurrence.

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

In accordance with GASB Codification Section C50 – "*Claims and Judgements*" the Commission accounts for and reports risk management activities in the internal service funds using the accrual basis of accounting. Claims paid under the self-insurance risk activities are recorded as expenses. There were no major changes in insurance coverage for the year ended December 31, 2019.

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 2019 was $3,541,323.

A reconciliation of the unpaid claims liabilities as of December 31, 2019 follows:

	Employee Benefits Fund	Risk Management Fund	Total
Unpaid claims as of January 1, 2019	$ 300,000	$ 1,625,000	$ 1,925,000
Current year claims incurred and changes in estimates	3,541,323	848,702	4,390,025
Claims paid	(3,541,323)	(1,001,702)	(4,543,025)
Unpaid claims as of December 31, 2019	$ 300,000	$ 1,472,000	$ 1,772,000

9. RISK MANAGEMENT (continued)

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

	Employee Benefits Fund	Risk Management Fund	Total
Short-term	$ 300,000	$ 607,000	$ 907,000
Long-term	-	865,000	865,000
Total	$ 300,000	$ 1,472,000	$ 1,772,000

10. GOVERNMENTAL FUND BALANCE

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

	General Fund	CIP	Debt Service	Enhancement Construction
Nonspendable				
Inventory	$ 397,751	$ -	$ -	$ -
Spendable				
Restricted for:				
Capital Improvements	-	19,616,114	-	-
Debt Service	-	-	4,515,264	-
Committed to:				
Mineral Endowment	1,342,965	-	-	-
Assigned to:				
Strategic Master Plan	8,679,045	-	-	18,150,401
Self-Insurance	1,285,000	-	-	-
Retirement Benefit	20,981,324	-	-	-
Self-Insurance (Health)	300,000	-	-	-
Encumbrances	1,068,693	-	-	-
Working Capital	6,000,000	-	-	-
Emergency Funds and Other	6,000,000	-	-	-
Total Constrained Fund Balance	46,054,778	19,616,114	4,515,264	18,150,401
Unassigned Fund Balances	23,270,592	-	-	-
Total Fund Balance	$ 69,325,370	$ 19,616,114	$ 4,515,264	$ 18,150,401

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

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

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

10. GOVERNMENTAL FUND BALANCE (continued)

For unassigned fund balances, the desirable target is 50% of total revenues, yet it will not be allowed to fall below 20% of total revenues. The amount presented on the annual financial report for 2019 is $23,270,592, which equals 28% of total revenue.

Within the policy guidelines above, the Commission has given management the authority to assign fund balance based on intentions for use.

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, 2019, the Commission had entered into several contracts for a variety of park renovation projects as part of its "Imagine Your Parks – 2" Program and its Capital Improvements Program. The Commission is obligated for approximately $12,000,000 for completion of those projects.

13. DEFICIT NET POSITION

A deficit net position exists in the Risk Management Fund of $802,519. The deficit is expected to be resolved in the subsequent year through increased premium revenue or transfers from the General Fund.

14. SUBSEQUENT EVENT

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 27, 2020, and determined that the following matter required additional disclosure in the financial statements. No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION – PART II

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

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:				
Ad valorem taxes	$ 38,474,871	$ 38,474,871	$ 41,128,848	$ 2,653,977
Recreation activity fees	10,157,924	10,157,924	9,610,273	(547,651)
Other	772,500	772,500	1,154,485	381,985
Intergovernmental revenues:				
Revenue sharing	1,255,500	1,255,500	1,254,523	(977)
Restricted grants-in-aid	528,500	528,500	1,806,801	1,278,301
Total revenues	51,189,295	51,189,295	54,954,930	3,765,635
Expenditures:				
Current:				
Administrative and planning	13,987,888	13,987,888	14,031,991	(44,103)
Program activities	40,549,047	40,549,047	37,254,149	3,294,898
Capital outlay	3,565,549	3,565,549	3,174,674	390,875
Total expenditures	58,102,484	58,102,484	54,460,814	3,641,670
Excess (deficiency) of revenues over expenditures	(6,913,189)	(6,913,189)	494,116	7,407,305
Other financing sources (uses):				
Land sale proceeds	-	-	4,650,000	4,650,000
Operating transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Operating transfers in	4,322,338	4,322,338	4,757,502	435,164
Total other financing sources (uses)	3,322,338	3,322,338	8,407,502	5,085,164
Changes in fund balance	(3,590,851)	(3,590,851)	8,901,618	12,492,469
Fund balances, December 31, 2018	60,523,752	60,523,752	60,523,752	-
FUND BALANCES, DECEMBER 31, 2019	$ 56,932,901	$ 56,932,901	$ 69,425,370	$ 12,492,469

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, 2019

	Special Revenue Enhancement Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:				
Taxes:				
Ad valorem	$ 13,663,620	$ 13,663,620	$ 14,606,129	$ 942,509
Earnings on investments	65,000	65,000	101,834	36,834
Total revenues	13,728,620	13,728,620	14,707,963	979,343
Expenditures:				
Current:				
Administrative and planning	393,608	393,608	405,030	(11,422)
Total expenditures	393,608	393,608	405,030	(11,422)
Excess (deficiency) of revenues over expenditures	13,335,012	13,335,012	14,302,933	967,921
Other financing sources (uses):				
Operating transfers out	(13,335,012)	(13,335,012)	(14,302,933)	(967,921)
Total other financing sources (uses)	(13,335,012)	(13,335,012)	(14,302,933)	(967,921)
Changes in fund balance	-	-	-	-
Fund balances, December 31, 2018	-	-	-	-
FUND BALANCES, DECEMBER 31, 2019	$ -	$ -	$ -	$ -

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

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

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

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

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

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

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

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

	2019	2018	2017	2016
Employer's Proportion of the Net Pension Liability	12.7513%	12.1652%	12.2059%	11.4766%
Employer's Proportionate Share of the Net Pension Liability	$ 93,522,057	$ 65,136,770	$ 72,533,771	$ 66,194,382
Employer's Covered Payroll	$ 17,142,545	$ 16,700,037	$ 16,360,826	$ 15,911,560
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	545.6%	390.0%	443.3%	416.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.36%	68.80%	64.09%	63.95%

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

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

Changes of assumptions:

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

For the year ended December 31, 2018:
The projected salary increases was changed from 3.75% to 3.50%.
The aggregate payroll growth was changed from 5.0% to 2.50%.

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

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

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

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

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

For reference only:

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

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

OTHER SUPPLEMENTAL INFORMATION

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

SCHEDULE OF COMPENSATION PAID TO THE HEAD OF COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2019

Superintendent:	Corey Wilson	
Purpose		**Amount**
Salary	$	168,763
Benefits - life insurance		223
Benefits - medical insurance (Commission paid)		8,620
Benefits - retirement system contributions/mandatory		59,236
Car allowance		6,538
Telecommunications		1,140
Dues		302
Reimbursements		219
Conference travel		10,784
	$	255,825

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

GENERAL FUND COMBINING SCHEDULE
BALANCE SHEET
DECEMBER 31, 2019

	General Fund	Enhancement Operating Fund	Eliminations	Total
ASSETS				
Cash and cash equivalents	$ 10,731,141	$ 8,571,924	$ -	$ 19,303,065
Ad valorem taxes receivable	40,617,105	-	-	40,617,105
Due from governments and other	2,045,549	-	-	2,045,549
Inventory	397,751	-	-	397,751
Due from other funds	8,133,006	6,916,701	(422,390)	14,627,317
TOTAL ASSETS	61,924,552	15,488,625	(422,390)	76,990,787
DEFERRED OUTFLOWS	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 61,924,552	$ 15,488,625	$ (422,390)	$ 76,990,787
LIABILITIES				
Accounts payable	2,311,923	272,381	-	2,584,304
Accrued expenses payable	2,066,362	22,576	-	2,088,938
Due to other funds	522,933	422,390	(422,390)	522,933
TOTAL LIABILITIES	4,901,218	717,347	(422,390)	5,196,175
DEFERRED INFLOWS	2,369,242	-	-	2,369,242
FUND BALANCE				
Nonspendable	397,751	-	-	397,751
Spendable:				
Restricted	-	-	-	-
Committed	1,342,965	-	-	1,342,965
Assigned	35,735,017	8,679,045	-	44,414,062
Unassigned	17,178,359	6,092,233	-	23,270,592
TOTAL FUND BALANCE	54,654,092	14,771,278	-	69,425,370
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	$ 61,924,552	$ 15,488,625	$ (422,390)	$ 76,990,787

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, 2019

	General Fund	Enhancement Operating Fund	Eliminations	Total
REVENUES				
Local sources:				
Ad valorem taxes	$ 41,128,848	$ -	$ -	$ 41,128,848
Recreation activity fees	9,610,273	-	-	9,610,273
Earnings on investments	584,066	261,647	-	845,713
Donations and miscellaneous	308,772	-	-	308,772
Intergovernmental revenues:				
Revenue sharing	1,254,523	-	-	1,254,523
Restricted grants-in-aid	1,806,801	-	-	1,806,801
TOTAL REVENUES	54,693,283	261,647	-	54,954,930
EXPENDITURES				
Current:				
Administrative and planning	12,002,298	2,029,693	-	14,031,991
Maintenance department operations	11,936,646	-	-	11,936,646
Recreation program operations	12,185,325	-	-	12,185,325
Golf operations	5,984,601	-	-	5,984,601
Zoo operations	5,543,440	-	-	5,543,440
Aquatics and therapeutics	1,380,300	-	-	1,380,300
Flood relief operations	108,030	-	-	108,030
Debt service:				
Lease payment	-	107,496	-	107,496
Lease interest	-	8,311	-	8,311
Capital outlay	1,323,199	1,851,475	-	3,174,674
TOTAL EXPENDITURES	50,463,839	3,996,975	-	54,460,814
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,229,444	(3,735,328)	-	494,116
OTHER FINANCING SOURCES (USES)				
Land sale proceeds	4,650,000	-	-	4,650,000
Transfers out	(1,000,000)	-	-	(1,000,000)
Transfers in	-	4,757,502	-	4,757,502
TOTAL OTHER FINANCING SOURCES (USES)	3,650,000	4,757,502	-	8,407,502
CHANGES IN FUND BALANCE	7,879,444	1,022,174	-	8,901,618
Fund Balance, December 31, 2018	46,774,648	13,749,104	-	60,523,752
Fund Balance, December 31, 2019	$ 54,654,092	$ 14,771,278	$ -	$ 69,425,370

OTHER REPORTS REQUIRED
BY *GOVERNMENT AUDITNG STANDARDS*
and the UNIFORM GUIDANCE

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated August 27, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over financial reporting as described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

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 & Netterville

Baton Rouge, Louisiana
August 27, 2020

P&N
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Recreation and Park Commission for the Parish of East Baton Rouge's (the Commission) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended December 31, 2019. The Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-002, that we consider to be a significant deficiency.

The Commission's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
August 27, 2020

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
Baton Rouge, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

FEDERAL DEPARTMENT/PASS-THROUGH ENTITY/PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	FEDERAL EXPENDITURES	AMOUNTS PROVIDED TO SUBRECIPIENTS
United States Department of Homeland Security				
Passed Through:				
Governor's Office of Homeland Security and Emergency Preparedness				
FEMA Disaster Relief - Public Assistance	97.036	FEMA-DR-4277	$ 1,857,934	$ -
Total United States Department of Homeland Security			1,857,934	-
United States Department of Transportation				
Highway Planning and Construction Cluster:				
Passed Through:				
Louisiana Department of Transportation and Development				
Recreational Trails Program	20.219	H.010875	$ 21,272	$ -
Recreational Trails Program	20.219	N/A	208,979	$ -
Total United States Department of Transportation			230,251	-
Total Highway Planning and Construction Cluster:			230,251	-
Total Expenditures			$ 2,088,185	$ -

See accompanying notes to this schedule.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – DE MINIMIS COST RATE

During the year ended December 31, 2019, the Commission did not elect to use the 10% de minimis cost rate as covered in §200.414 of the Uniform Guidance.

NOTE C – AMOUNTS PASSED THROUGH TO SUBRECIPIENTS

During the year ended December 31, 2019, the Commission did not pass through any federal funding to subrecipients.

NOTE D – RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

The federal grant expenditures are reported within the various expenditure categories of the appropriate funds and are not readily distinguishable to the Schedule of Expenditures of Federal Awards. However, revenue is generally recorded for these grants in an amount equal to allowable costs incurred and therefore the following reconciliation to reported federal grant revenue is provided:

Total expenditures per SEFA	$ 2,088,185
Plus non-federal grant revenue	193,197
Less costs recorded on SEFA as expenses to be recorded as revenue in different period	(301,893)
Total grant revenues per financial statements	$ 1,979,489

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

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	Yes

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
97.036	FEMA Disaster Relief – Public Assistance

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? No

B. Financial Statement Findings

2019-001 **Inventory Count Procedures**

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

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

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

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

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

Management's Response & Corrective Plan: (Unaudited) *See attached Corrective Action Plan*.

C. Findings and Questioned Costs for Federal Awards

United States Department of Homeland Security

97.036 **FEMA Disaster Relief – Public Assistance**
Compliance Area: Reporting

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

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

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

Questioned Costs: Not applicable.

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

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

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

Management's Response & Corrective Plan: (Unaudited) *See attached Corrective Action Plan.*

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

Financial Statement Findings

2018-001 **Inventory Count Procedures**

Criteria: Inventory counts should be performed in accordance with the policy adopted by the Commission.

Condition: The regularly scheduled on-going counts of resale inventory were not conducted during 2018 in accordance with the schedule provided in the policy adopted by the Commission.

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

Effect: If resale inventory counts are performed on a regular basis, proper adjustments can be more readily identified and corrected and accountability measures applied.

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

Management's Response & Corrective Plan: (Unaudited) *See attached Corrective Action Plan.*

Current Status: *Not resolved. Repeated as finding 2019-001.*

Findings and Questioned Costs for Federal Awards

United States Department of Homeland Security

97.036 **FEMA Disaster Relief – Public Assistance**

2018-002 **Preparation of Schedule of Expenditures of Federal Awards and Written Policies and Procedures over Federal Grants**

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

Condition: The Commission did not maintain adequate internal records in order to prepare an accurate and complete reporting of federal awards expended. The Commission does not currently maintain written policies and procedures for determining allowable costs and compliance with procurement requirements.

Questioned Costs: Not applicable.

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

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

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

Management's Response & Corrective Plan: (Unaudited) *See attached Corrective Action Plan.*

Current Status: *Not resolved. Repeated as finding 2019-002.*

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Corrective Action Plan

Financial Statement Audit Management Letter Responses

December 31, 2019

2019-001: Inventory Count Procedures

Management's Response & Corrective Plan: Inventory count procedures and policies will be updated to address the variety of resale locations and items in the BREC system. Periodic inventory counts will be required for all locations and variances exceeding established thresholds will be communicated to appropriate personnel, investigated, and corrected. Remedial and deterrent measures will be developed to establish accountability throughout the inventory count process. Counts will be conducted in accordance with the revised Commission adopted policies.

2019-002: FEMA Disaster Review – Public Assistance

Management's Response & Corrective Plan: Written policies and procedures for determining allowable costs and compliance with procurement requirements for federal grants will be developed to guide staff in adequately tracking and recording expenditure and revenues accurately and with appropriate supporting documentation for all federal grant programs. An upcoming conversion in accounting software will greatly assist in accomplishing this task.

Should you have any questions or require additional information, please do not hesitate to contact me at (225) 272-9200, extension 1415 or michael.smith@brec.org.

Sincerely,

Michael Smith

Finance Director

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

REPORT TO MANAGEMENT

DECEMBER 31, 2019

Postlethwaite & Netterville

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

REPORT TO MANAGEMENT

DECEMBER 31, 2019

Postlethwaite & Netterville

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225-922-4600 Phone – 225-922-4611 Fax – pncpa.com

A Professional Accounting Corporation

August 27, 2020

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, 2019, we considered the Commission's internal controls over financial reporting and compliance with laws and regulations having a material effect on financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements. Our consideration does not provide assurance on the internal control structure or on compliance.

However, during our audit, we became aware of the following matters that represent opportunities for improving financial reporting, refining policies and procedures and enhancing compliance with laws and regulations. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated June 30, 2020 on the financial statements of the Commission.

A. Settlement of Interfund Accounts

Condition:

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

This comment is repeated from the prior year.

Recommendation:

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

Management's Response: See attached Corrective Action Plan

B. Theft of Public Assets

Condition:

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

Recommendation:

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

Management's Response: See attached Corrective Action Plan

C. Gift Card Reconciliation

Condition:

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

Recommendation:

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

Management's Response: See attached Corrective Action Plan

D. Identification of Construction Costs

Condition:

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

Recommendation:

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

Management's Response: See attached Corrective Action Plan

E. Budgetary oversight and reporting

Condition:

Louisiana Revised Statute R.S. 39:1305(D) requires the proposed budget for a political subdivision be accompanied by an adoption instrument that defines the authority of the Chief Executive Officer to make changes within various budget classifications without approval by the governing authority, as well as those powers reserved solely to the governing authority. The resolution accompanying the 2019 budget did not so describe the Superintendent's authority.

In 2014, the Commission approved a 10-year strategic plan that sets forth goals and direction of BREC, along with a capital project budget. Best practices suggest that Commission receive and review reporting of progress toward a capital budget on a periodic basis. While commissioner receive and review reports of annual capital budgets, there is no reporting of project-to-date status compared to budget at the Commission level.

Recommendations:

To comply with Louisiana Revised Statute R.S. 39:1305(D), the adoption instrument for future budgets should define the authority of the Superintendent to make changes to the budget without Commission approval, within the confines of the broader statute. Also, although not required by law, we recommend that the Commission receive and review a project-date report of the 10-year capital improvement budget at least annually.

Management's Response: See attached Corrective Action Plan

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 or Prior Management Letter Comments

A. Settlement of Interfund Accounts

Condition:

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

Recommendation:

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

Management's Response: See attached Corrective Action Plan

Current Status

Not resolved, see repeated comment as item A in the current year's management letter.

B. Theft of Public Assets

Condition:

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

Recommendation:

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

Current Status

The controls that allowed for BREC to identify the thefts are still in place and continue to allow for detection and determent of such activities. Nonetheless, such matters continue to occur due to the inherent nature of BREC's activities. See item B in the current year's management letter for an instance occurring in 2019.

C. <u>Review of Large Checks Prior to Issuance</u>

<u>Condition:</u>

During our review of disbursement procedures, it was noted that a separate review of large dollar checks is not currently required. Best practices provide that there should be a separate review of large checks to ensure they are appropriate and in accordance with the policies and needs of the organization.

<u>Recommendation:</u>

We recommend that the Commission review its current internal control procedures over the issuance of large checks. Consideration should be given to setting a threshold above which an appropriate member of management will review these checks prior to issuance.

<u>Current Status</u>

The weekly check A/P batches (checks and ACH) are reviewed for accuracy of invoice entry and approval and PO matching before approval. A second review was added in 2020 so the Director or Assistant Director of Finance reviews any expenditure greater than $10,000.00.

D. <u>Gift Card Reconciliation</u>

<u>Condition:</u>

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

<u>Recommendation:</u>

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

<u>Current Status</u>

Not resolved, see repeated comment as item D in the current year's management letter.

E. <u>Identification of Construction Projects and Capital Project Budgeting</u>

<u>Condition:</u>

For proper financial reporting, it is important that the organization appropriately identify each of the major components of its construction projects, ensure the appropriate useful lives are assigned to each component and ensure that all project costs are captured and capitalized. General construction costs should be appropriately allocated to individual projects and their related components for capitalization. Additionally, recommended practice for capital project and program management calls for development of project budgeting over the anticipated life of projects, and reporting of actual life to date expenditures towards the budget.

Recommendation:

It is recommended that internal controls and procedures be implemented to ensure that the major components of construction projects are appropriately captured and capitalized. It is also recommended that the organization consider preparing and maintaining a capital project budget by project on a life-to-date basis and report actual expenditures toward those projects on an on- going basis.

Current Status

Not resolved, see repeated comment as item D in the current year's management letter.

F. Accounting for the Collection and Remittance of Sales Taxes

Condition:

During our audit some discrepancies were noted between the sales taxes collected and remitted. These discrepancies resulted in an overpayment of sales taxes.

Recommendation:

It is recommended that the Commission review its internal controls, processes and systems utilized for the tracking, recording and reporting of sales tax collections. Appropriate procedures should be implemented to ensure that the taxes are appropriately captured and remitted in accordance with Louisiana State Law and local ordinances.

Current Status

BREC utilized an independent third party to review all admission/rental, food and beverage or merchandise items sold across the agency to ensure the POS systems are programmed correctly for sales tax exemption and non-exemption status and rates. Using this list will ensure that BREC only remits the total sales tax collected in accordance with Louisiana State Law and local ordinances.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Corrective Action Plan
Report to Management
December 31, 2019

A – Settlement of Interfund Accounts

Management's Response & Corrective Plan: BREC will review interfund ledgers and settle those with negative fund balances on a periodic basis for the remainder of 2020. In 2021, with the implementation of a new Financial ERP system, we anticipate this procedure will no longer be required as funds will be settled automatically in the new system.

B - Theft of Public Assets

Management's Response & Corrective Plan: BREC will continue to require annual training and development for ethics and remind employees of their ethical responsibility and also review and revise if necessary our internal controls in place to safeguard public assets at all locations with inventory and items for resale.

C – Gift Card Reconciliation

Management's Response & Corrective Plan: Internal controls will be implemented to establish proper accounting and reconciliation of gift cards including a listing and review of cards issued and the associated balances on a regular basis.

D – Identification of Construction Costs

Management's Response & Corrective Plan: The new Capitalization Threshold Policy was approved in the March 2019 Commission Meeting and sets clear thresholds by class of asset. These thresholds were used for 2019 activities and Financial Reporting. We are working on a short-term solution for project tracking until our new Project and Asset Management Software (full project lifecycle management) is implemented for full construction asset / project management including bids, contracts and expenses by construction phase, park and project.

E – Budgetary oversight and reporting

Management's Response & Corrective Plan: BREC will ensure that future Commission adopted budgets, starting with the 2021 budget, include the necessary language that provides the Superintendent authority to makes changes to the budget without Commission approval but within the confines of the Louisiana Government Budget Act. A report showing projects completed to date on the 2014 ten year capital improvement budget will be provided annually to Commissioners starting in the 4th quarter of 2020.

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Attachment A to Management Letter

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

	Element of Comment	Misappropriation #1 (Maintenance Equipment)			
1	A general statement describing the fraud or misappropriation that occurred.	Theft of two edgers, a string trimmer, and a blower by an unknown subject.			
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Two edgers, a string trimmer, and a blower.			
3	The amount of funds or approximate value of assets involved.	Approximately $1,100.			
4	The department or office in which the fraud or misappropriation occurred.	Maintenance Department			
5	The period of time over which the fraud or misappropriation occurred.	Around October 2019			
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Unknown			
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	Unknown			
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	Unknown			
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	Unknown			
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes			
11	What is the status of the investigation at the date of the auditor's/accountant's report?	Closed			
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	Unknown perpetrator			
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	N/A			
14	Has restitution been made or has an insurance claim been filed?	No			
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Yes			
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	Yes			
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	N/A			
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	See corrective action plan from management.			

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

REPORT ON STATEWIDE AGREED-UPON PROCEDURES on COMPLIANCE and CONTROL AREAS

FOR THE YEAR ENDED DECEMBER 31, 2019

Postlethwaite & Netterville

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

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Postlethwaite & Netterville

8550 United Plaza Blvd., Ste. 1001 – Baton Rouge, LA 70809
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A Professional Accounting Corporation

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Recreation and Park Commission
for the Parish of East Baton Rouge and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A, which were agreed to by the Recreation and Park Commission for the Parish of East Baton Rouge (the Entity) and the Louisiana Legislative Auditor (LLA) (specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached Schedule A either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Postlethwaite & Netterville

Baton Rouge, Louisiana
August 27, 2020

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exception noted"*. If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity" is indicated.

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

   No exceptions noted.

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

   No exceptions noted.

   c) ***Disbursements***, including processing, reviewing, and approving.

   No exceptions noted.

   d) ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

   The Entity's policies and procedures do not include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

   e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

   No exceptions noted.

   f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

   No exceptions noted.

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exceptions noted.

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions noted.

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

No exceptions noted.

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Entity does not have a written policy for Debt Service.

k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions noted.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of bank accounts was provided and included a total of 13 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending December 31, 2019, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Of the 5 bank reconciliations obtained, 5 did not have the date of preparation.

b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Of the 5 bank reconciliations obtained, 5 did not have the date of the reviewers' review.

c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Of the 5 bank accounts selected, 1 bank reconciliation had reconciling items that have been outstanding for more than 12 months. There was no documentation evidencing that these reconciling items were researched for proper disposition.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

    a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

    b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Corrective Action Plan

Statewide Agreed-Upon Procedures

December 31, 2019

1 (d) – BREC will add to the revenue policy for Receipts, including receiving, recording and preparing deposits.

Management's Response & Corrective Plan: BREC will review the interface files from the POS Systems to ensure the accuracy of all collections and collection types.

1 (j) – BREC will prepare a written policy for debt service covering the items described in this item

Management's Response & Corrective Plan: BREC will develop a policy for Debt Service and Leasing Policy that will address 1) debt issuance, 2) continuing disclosure / EMMA reporting requirement, 3) debt resource requirement, and 4) debt service requirements.

3. (a) – Bank Reconciliations include evidence that they were prepared within 2 months of the related statement closing date

Management's Response & Corrective Plan: A date of preparation will be added to our current bank reconciliations forms to evidence completion within 2 months of the related closing date.

3. (b) – Bank reconciliations include evidence that a member of management / board member review.

Management's Response & Corrective Plan: Bank reconciliation procedures and forms will be updated to include review by the Finance Director and Superintendent or Chief Legal Officer as evidenced by their initials and date or electronic approval.

3. (c) – Outstanding Bank Reconciliation Documentation

Management's Response & Corrective Plan: Bank reconciliations policies will be updated to require documented evidence of research and proper disposition of outstanding items of 12 months or more.

Should you have any questions or require additional information, please do not hesitate to contact me at (225) 272-9200, extension 1415 or michael.smith@brec.org.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Sincerely,

Michael Smith

Finance Director

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

REPORT ON STATEWIDE AGREED-UPON PROCEDURES on COMPLIANCE and CONTROL AREAS

FOR THE YEAR ENDED DECEMBER 31, 2019

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RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2019

Schedule A

INTERNAL PROCESS REVIEWER'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Recreation and Park Commission
for the Parish of East Baton Rouge and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A, which were agreed to by the Recreation and Park Commission for the Parish of East Baton Rouge (the Entity) and the Louisiana Legislative Auditor (LLA) (specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached Schedule A either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

K. Andrea Sebastien-Roberts, CIA

K. Andrea Sebastien-Roberts

Baton Rouge, Louisiana
June 30, 2020

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exception noted"*. If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, *"procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity"* is indicated.

Written Policies and Procedures

1. Not performed by BREC Internal Process Review.

Board or Finance Committee)

2. Not performed by BREC Internal Process Review.

Bank Reconciliations

3. Not performed by BREC Internal Process Review.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

   A listing of deposit sites was provided and included a total of 77 deposit sites. No exceptions were noted as a result of performing this procedure.

   From the listing provided, we randomly selected 5 deposit sites and performed the procedures below.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 5 collection locations. From each of the listings provided, we randomly selected one collection location for each deposit site.

   Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exception noted.

c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exception noted.

d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exception noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

The Entity stated that all employees who have access to cash are bonded and/or covered under the Entity's insurance policy.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates for each of the 5 deposit sites selected in procedure #4. We obtained supporting documentation for each of the 10 deposits (total of 230 collections) and performed the procedures below.

a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

For 7 of 10 deposits (94 of 230 collections) selected for our procedures, the collections were not deposited within one business day of receipt. The bank was less than 10 miles away from the collection sites and the deposits were less than $100.

e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The Finance Department at the BREC Administrative Office is the only location that processes non-payroll disbursements. We selected this location and performed the procedures below.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

A listing of non-payroll disbursements, for the payment processing location selected in procedures #8, was provided for the reporting period.

We randomly selected 5 disbursements and performed the procedures below.

a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

For 2 of 5 disbursements selected, for our procedures, there was no physical evidence to confirm segregation of duties regarding processing and mailing payments.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.
12. Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.
13. Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Contracts

Schedule A

15. Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Payroll and Personnel

16. Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.
17. Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.
18. Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.
19. Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Ethics

20. Not performed by BREC Internal Process Review.

Debt Service

21. Not performed by BREC Internal Process Review.
22. Not performed by BREC Internal Process Review.

Other

23. Not performed by BREC Internal Process Review.
24. Not performed by BREC Internal Process Review.

Schedule B

Management Corrective Action Plan

7 (d) – Going forward, BREC will reiterate / refresh training on cash deposits to ensure deposits are made timely

10 (b) – Going forward, BREC will revise the AP Procedures and ensure systems better display / afford a clear segregation of duties for the individuals responsible for printing and mailing checks.