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Recreation and Park Commission
for the Parish of East Baton Rouge
Baton Rouge, Louisiana
December 31, 2007

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June 10, 2008

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, and each major fund, of the

Recreation and Park Commission for
the Parish of East Baton Rouge

as of and for the year ended December 31, 2007, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the Recreation and Park Commission for the Parish of East Baton Rouge, as of December 31, 2007, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Special Revenue Enhancement Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2008, on our consideration of the Recreation and Park Commission for the Parish of East Baton Rouge's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis information on pages 5 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

Recreation and Park Commission for the Parish of East Baton Rouge
Management's Discussion and Analysis
December 31, 2007

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 financial activities. This narrative is designed to assist readers in focusing on significant financial issues, identify changes in financial position, identify material deviations from approved budget documents (if any) and identify individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

Assets of the Recreation and Park Commission exceeded its liabilities on December 31, 2007 by $115,724,406 (net assets). Of this amount, $12,297,865 (unrestricted net assets) may be used to meet ongoing obligations to our creditors.

As of December 31, 2007, the primary governmental funds reported combined ending fund balances of $71,979,917, a decrease of $2,328,051 in comparison with the prior year. Approximately 41% of this total amount, $29,860,163 is available for spending at BREC's discretion (unreserved fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

With implementation of Governmental Accounting Standards Board Statement 34, a government's presentation of financial statements has greatly changed. This is the fifth year that BREC has adopted the new format. The new statements focus on the Commission as a whole (government-wide) and its major individual funds. Both perspectives (government-wide and major fund) allow the reader to address relevant questions, broaden a basis for comparison (year- to-year or government-to-government) and enhance BREC accountability.

Government-Wide Financial Statements

Government-wide financial statements are designed to be similar to private sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. These statements combine Governmental Fund's current financial resources with capital assets and long-term obligations. Donated infrastructure is included. There are no other component units to which BREC may be obligated to provide financial assistance; and no other component units are represented in these statements.

The Statement of Net Assets presents information on all the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether or not the financial position of the Commission is improving.

The Statement of Activities presents information showing how BREC net assets have changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected

Government-Wide Financial Statements (Continued)

taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities which are provided by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds rather than generic fund types.

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

Infrastructure Assets

General capital assets include land, improvements to land, easements, buildings, vehicles, machinery and equipment, exotic and domestic live animals, 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 (See Footnote #4: Changes in Capital Assets). Donated infrastructure assets are capitalized and are included in capital asset balances at market value at the date of acquisition. Prior to the implementation of the new reporting model, no depreciation was charged on general capital assets. Accumulated depreciation was recorded for the first time based on the date of acquisition and the life span of the assets in the 2002 financial statements.

Notes to the Financial Statements

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

Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Assets for 2007, 2006 and 2005.

Recreation and Park Commission for the Parish of East Baton Rouge
Condensed Statement of Net Assets
December 31, 2007, 2006, and 2005

	2007	2006	2005
Assets			
Current and Other Assets	$62,107,571	$57,445,378	$45,842,999
Restricted Assets	21,724,101	30,156,601	40,779,050
Capital Assets	90,882,475	78,703,605	68,227,566
Total assets	174,714,147	166,305,584	154,849,615
Liabilities			
Current Liabilities	14,291,641	15,658,880	14,151,388
Long-Term Liabilities	44,698,100	46,389,403	46,846,651
Total Liabilities	58,989,741	62,048,283	60,998,039
Net Assets			
Invested in Capital Assets, net of related debt	59,416,064	60,803,044	59,752,765
Restricted	44,010,477	17,583,665	15,065,135
Unrestricted	12,297,865	25,870,592	19,033,676
Total Net Assets	115,724,406	104,257,301	93,851,576

Approximately 51% of the Commission's net assets as of December 31, 2007 reflects investment in capital assets less any outstanding debt used to acquire those assets (land, buildings, infrastructure, animals, machinery and equipment). BREC 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 38% of the Commission's net assets are subject to external restrictions. Included are reserves of the General Fund and the entire Fund Balance of the Capital Improvement Fund. The remaining 11% of net assets, unrestricted assets, may be used to meet ongoing obligations of the Commission to citizens and creditors.

The following table provides a summary of the changes in net assets for the year ended December 31, 2007 with comparative figures for 2006 and 2005.

Government-Wide Financial Analysis (Continued)

Recreation and Park Commission for the Parish of East Baton Rouge
Condensed Statement of Changes in Net Assets
Years Ended December 31, 2007, 2006, and 2005

	2007	2006	2005
Revenues			
Program Revenues			
Charges for Services	$7,934,347	$7,736,751	$5,947,169
Grants	494,706	41,679	25,711
General Revenues			
Ad Valorem Tax	40,191,143	36,978,975	34,289,555
State Revenue Sharing	1,586,135	1,314,000	1,254,325
Other General Revenues	3,258,474	3,125,805	2,219,038
Total Revenues	53,464,805	49,197,210	43,735,798
Expenses			
Administrative and Planning	11,828,284	12,122,387	8,769,096
Maintenance Department Operations	7,889,006	7,000,031	6,470,126
Recreation Program Operations	11,164,327	8,706,926	7,945,495
Golf Operations	5,259,464	3,487,257	3,851,289
Community Outreach Programs	502,778	2,318,555	2,082,030
Zoo Operations	3,442,931	3,196,071	2,938,554
Interest on long-term debt	1,910,910	1,960,258	1,421,445
Total Expenses	41,997,700	38,791,485	33,478,035
Increase in Net Assets	11,467,105	10,405,725	10,257,763
Net Assets, beginning of year	104,257,301	93,851,576	83,593,813
Net Assets, end of year	115,724,406	104,257,301	93,851,576

Financial Analysis of the Commission's Funds

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

Governmental Funds:

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

Financial Analysis of the Commission's Funds (Continued)

Governmental Funds: (Continued)

The general fund is the chief operating fund of the Commission. At the end of the current fiscal year, unreserved fund balance of the general fund was $10,843,730, while total fund balance reached $19,078,578. Compared with total fund balance of $18,090,968 at the end of 2006, fund balance grew $987,610 during 2007. Key factors contributing to this growth was an additional $3,212,168 in ad valorem tax revenues.

Fund balance in the Capital Projects Fund increased $4,459,251 in 2007. The increase in the Capital Projects Fund's balance is due primarily to an increased emphasis on the "Imagine Your Parks" projects and a reduced emphasis on Capital Projects Fund projects. The Capital Projects Fund operates on a pay-as-you-go basis, and surplus cash balances remain available for those projects for construction at a later date.

General Fund Budgetary Highlights

The Louisiana Local Government Budget Act requires that the Commission adopt budget amendments whenever revenue collections fail to meet projections by more than 5%; or when actual projected expenditures exceed budgeted expenditures by more than 5%; or when actual beginning fund balance fails to meet estimated beginning fund balance by more than 5% if fund balance is being used to fund current year expenditures. The budget amendments described in the next paragraph were made in 2007 at BREC's discretion for management's purposes, and were not required budget adjustments as defined by the Local Government Budget Act.

The original General Fund revenue budget was $32,040,000 and it remained unchanged during 2007. Actual General Fund revenues were $35,557,924 for the year ended December 31, 2007. This a favorable variance of 11% as compared to the budget. This variance is due mostly to higher than anticipated tax revenues, golf course revenues, and zoo revenues. The original General Fund expenditure budget was $31,875,000 and it remained unchanged during 2007. Actual General Fund expenditures were $33,270,315 for the year ended December 31, 2007. This is an unfavorable variance of 4.4% as compared to the revised budget. The actual excess of revenues over expenditures was $987,609; which is favorable to the budgeted surplus of $165,000.

Capital Asset and Debt Administration

Capital Assets

BREC's investment in capital assets for its governmental type activities as of December 31, 2007 amounts to $90,882,475 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, construction in progress, and moveable property consisting of furniture, machinery and equipment and live animals. Net accumulated depreciation represents approximately 42% of the original book value of all capital assets, and approximately 52% of depreciable capital assets. Capital Asset additions in 2007 were $17,991,512, or approximately 29% of the book value of all depreciable assets.

Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)

Recreation and Park Commission for the Parish of East Baton Rouge
Capital Assets (Net of Depreciation)
December 31, 2007, 2006, and 2005

	2007	2006	2005
Land	$25,600,220	$25,600,905	$25,600,905
Construction in Progress	3,678,770		
Moveable Property and Equipment	4,117,182	4,351,293	4,111,890
Immoveable Property	57,486,303	48,751,407	38,514,771
Total	90,882,475	78,703,605	68,227,566

Capital Project Funds

The Commission operates two funds for capital improvement projects. The first is the *Capital Improvement Fund* which is funded by the proceeds of a property tax of 2.05 mills. This fund operates on a pay-as-you-go basis. Total expenditures in 2007 of the Capital Improvement Fund were $3,583,582. The second fund is the *Capital Projects Enhancement Fund* which is funded by a twenty year, $45,000,000 construction bond, Series 2005. Total expenditures in 2007 of the Capital Projects Enhancement Fund were $13,565,850. The combined total expenditures of the two funds in 2007 was $17,149,432.

Major capital projects during the 2007 fiscal year included the following construction and renovation projects:

Anna T. Jordan Park - This is the first of twelve community parks to be completed. In 2007 there were approximately $2,100,000 of improvements to the park grounds, swimming pool and recreation center.

City Park - Improvements to this community park are nearing completion. Approximately $4,600,000 was expended in 2007 at City Park for improvements to the golf course, tennis courts and park grounds.

Woody Dumas Golf Course - Renovations to nine holes of this golf course at Greenwood Park were started in 2007. Expenditures in 2007 were approximately $720,000.

Baton Rouge Zoo - Improvements to the zoo entrance, snack bar, souvenir stands, kid zoo and other amenity packages were completed in 2007. The total cost of these projects was approximately $1,500,000. It is anticipated that work to improve animal exhibits will begin in 2008.

Oak Villa Ballfield Complex - Approximately $1,800,000 was expended in 2007 for two new concession buildings and improvements to ball fields at Oak Villa.

Burbank Park - Approximately $600,000 was expended in 2007 for new soccer fields.

Capital Asset and Debt Administration (Continued)

Capital Project Funds (Continued)

Other projects included work on neighborhood parks, planning for a new aquatic facility, site work and landscaping for the administrative offices, and handicapped access facilities at Memorial Stadium.

Long-Term Debt

At the end of the calendar year 2007, the Commission had total bonded debt outstanding of $42,010,000. This bond issue is secured by 3.253 mills of ad valorem taxes. These bonds have a term of 20 years.

Requests for Information

This financial report is designed to provide a general overview of BREC finances for all those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the BREC Finance Department, P. O. Box 15887, Baton Rouge, LA 70895.

Recreation and Park Commission for the Parish of East Baton Rouge
Statement of Net Assets
December 31, 2007

	Primary Government Governmental Activities
Assets	
Cash and cash equivalents	$7,729,967
Accounts receivable	1,873,677
Ad valorem taxes receivable, net	39,954,153
Investments securities	11,373,458
Inventory	653,529
Prepaid expenditures	26,522
Deferred bond issuance costs	496,265
Restricted cash and cash equivalents	21,724,101
Capital Assets - non depreciable	29,278,990
Capital Assets - depreciable, net	61,603,485
Total assets	174,714,147
Liabilities	
Accounts payable	3,239,105
Accrued expenses payable	913,194
Note payable	6,000,000
Amounts held for others	645,891
Claims payable	816,942
Deferred revenues	56,018
Noncurrent liabilities:	
Due within one year	2,620,491
Due in more than one year	44,698,100
Total liabilities	58,989,741
Net Assets	
Invested in capital assets, net of related debt	59,416,064
Restricted	
Capital projects	42,573,960
Debt service	1,436,517
Unrestricted	12,297,865
Total net assets	115,724,406

The accompanying notes are an integral part of these financial statements.

Recreation and Park Commission for the Parish of East Baton Rouge
Statement of Activities
Year Ended December 31, 2007

Function/Program	Expenses	Charges for Service	Total Governmental Activities
Primary Government			
Governmental activities			
Administrative and planning	$11,828,284		($11,828,284)
Maintenance department operations	7,889,006		(7,889,006)
Recreation program operations	11,164,327	$2,528,957	(8,635,370)
Golf operations	5,259,464	3,557,084	(1,702,380)
Zoo operations	3,442,931	1,848,306	(1,594,625)
Community outreach	502,778		(502,778)
Interest on long-term debt	1,910,910		(1,910,910)
Total governmental activities	41,997,700	7,934,347	(34,063,353)
General Revenue			
Property taxes			40,191,143
State revenue sharing			1,586,135
Earnings on investments			3,126,611
Donations and miscellaneous			81,372
Bond premium amortization			50,491
Grants			494,706
Total general revenue			45,530,458
Change in Net Assets			11,467,105
Net Assets, Beginning of Year			104,257,301
Net Assets, End of Year			115,724,406

The accompanying notes are an integral part of these financial statements.

Recreation and Park Commission for the Parish of East Baton Rouge
Balance Sheet
Governmental Funds
December 31, 2007

	General Fund	Special Revenue Enhancement Fund	Debt Service Fund	Capital Projects Fund	Capital Projects Enhancement	Total
Assets						
Cash and cash equivalents	$2,019,676	$636,024		$2,337,337	$2,736,930	$7,729,967
Accounts receivable	1,058,400	9,946		438,874	366,457	1,873,677
Ad valorem taxes receivable	25,304,573	8,986,439		5,663,141		39,954,153
Investments securities				11,373,458		11,373,458
Inventory	491,648			161,881		653,529
Prepaid expenditures	26,522					26,522
Due from other funds	1,222,450			1,682,806	1,922,663	4,827,919
Restricted cash and cash equivalents	100,000		$1,436,517		20,187,584	21,724,101
Total assets	30,223,269	9,632,409	1,436,517	21,657,497	25,213,634	88,163,326
Liabilities						
Accounts payable	1,645,507	276,330		201,472	1,115,796	3,239,105
Accrued expenses payable	597,534					597,534
Note payable	6,000,000					6,000,000
Amounts held for others	106,027			23,367	516,497	645,891
Claims payable	816,942					816,942
Deferred revenues	56,018					56,018
Due to other funds	1,922,663	465,217		757,233	1,682,806	4,827,919
Total liabilities	11,144,691	741,547		982,072	3,315,099	16,183,409
Fund Balance						
Reserved						
Encumbrances	1,244,490			428,831	5,484,911	7,158,232
Inventory	491,648			161,881		653,529
Debt service - principal			1,080,000			1,080,000
Debt service - interest			315,659			315,659
Construction					16,413,624	16,413,624
Unreserved						
Designated	6,498,710			11,000,000		17,498,710
Unrestricted	10,843,730	8,890,862	40,858	9,084,713		28,860,163
Total fund balance	19,078,578	8,890,862	1,436,517	20,675,425	21,898,535	71,979,917
Total liabilities and fund equity	30,223,269	9,632,409	1,436,517	21,657,497	25,213,634	88,163,326

The accompanying notes are an integral part of these financial statements.

Recreation and Park Commission for the Parish of East Baton Rouge
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
December 31, 2007

Fund Balances - Total Governmental Funds		$71,979,917
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	$156,681,014	
Less accumulated depreciation	(65,798,539)	90,882,475
Assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds		
Deferred bond issuance costs		496,265
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Compensated absences payable	(4,429,207)	
Bonds payable	(42,010,000)	
Bond premium	(879,384)	
Accrued interest payable	(315,660)	(47,634,251)
Net Assets of Governmental Activities		115,724,406

The accompanying notes are an integral part of these financial statements.

Recreation and Park Commission for the Parish of East Baton Rouge
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2007

	General Fund	Special Revenue Enhancement Fund	Debt Service Fund	Capital Projects Fund	Capital Projects Enhancement	Total
Revenue						
Local sources						
Ad valorem taxes	$25,454,202	$9,039,574		$5,697,367		$40,191,143
Recreation activity fees	7,934,347					7,934,347
Earnings on investments	713,757	156,256	$38,947	1,010,789	$1,206,862	3,126,611
Donations and miscellaneous	169,342			19,818		189,160
State sources						
Revenue sharing	1,286,276			299,859		1,586,135
Restricted grants-in-aid				365,000	129,706	494,706
Total revenue	35,557,924	9,195,830	38,947	7,392,833	1,336,568	53,522,102
Expenditures						
Current						
Administrative and planning	10,343,220	845,539	228			11,188,987
Maintenance department operations	6,956,974	386,851				7,343,825
Recreation program operations	7,812,802	638,478				8,451,280
Golf operations	4,366,218					4,366,218
Zoo operations	3,152,779					3,152,779
Community outreach	638,321	74,923				713,244
Debt service			3,484,388			3,484,388
Capital outlay				3,583,582	13,565,850	17,149,432
Total expenditures	33,270,314	1,945,791	3,484,616	3,583,582	13,565,850	55,850,153
Excess (deficiency) of revenues over expenditures	2,287,610	7,250,039	(3,445,669)	3,809,251	(12,229,282)	(2,328,051)
Other Financing Sources (Uses)						
Operating transfers in			3,514,696	650,000	5,157,673	9,322,369
Operating transfers out	(1,300,000)	(8,022,369)				(9,322,369)
	(1,300,000)	(8,022,369)	3,514,696	650,000	5,157,673	
Net Change is Fund Balances	987,610	(772,330)	69,027	4,459,251	(7,071,609)	(2,328,051)
Fund Balance, Beginning of Year	18,090,968	9,663,192	1,367,490	16,216,174	28,970,144	74,307,968
Fund Balance, End of Year	19,078,578	8,890,862	1,436,517	20,675,425	21,898,535	71,979,917

The accompanying notes are an integral part of these financial statements.

Recreation and Park Commission for the Parish of East Baton Rouge
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2007

Net Changes in Fund Balances - Total Governmental Funds		($2,328,051)
Amounts reported for governmental activities in the statement of net assets are different because:		
Governmental funds report capital outlay as expenditures. However, on the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	$17,991,512	
Depreciation expense	(5,704,855)	
Loss on disposal of fixed assets	(107,787)	12,178,870
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Compensated absences		20,812
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.		
Principal payments on debt	1,565,000	
Amortization of bond issuance costs	(28,494)	
Amortization of bond premium	50,491	
Accrued interest payable	8,477	1,595,474
Change in Net Assets of Governmental Activities		11,467,105

The accompanying notes are an integral part of these financial statements.

Recreation and Park Commission for the Parish of East Baton Rouge
General Fund
Statement of Revenue, Expenditures and Changes in Fund Balances -
Budget and Actual (GAAP Basis)
Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	Favorable (Unfavorable)
Revenue				
Local sources				
Ad valorem taxes	$23,100,000	$23,100,000	$25,454,202	$2,354,202
Recreation activity fees	7,290,000	7,290,000	7,934,347	644,347
Earnings on investments	500,000	500,000	713,757	213,757
Donations and miscellaneous	150,000	150,000	169,342	19,342
State sources				
Revenue sharing	1,000,000	1,000,000	1,286,276	286,276
Total revenue	32,040,000	32,040,000	35,557,924	3,517,924
Expenditures				
Current				
Administrative expenditures	10,035,000	10,035,000	10,343,220	(308,220)
Recreation program expenditures	15,115,000	15,115,000	15,970,120	(855,121)
Maintenance department expenditures	6,725,000	6,725,000	6,956,974	(231,974)
Total expenditures	31,875,000	31,875,000	33,270,314	(1,395,315)
Excess of Revenue over Expenditures	165,000	165,000	2,287,610	2,122,609
Other Financing Sources (Uses)				
Operating transfers out			1,300,000	(1,300,000)
Total financing sources (uses)			1,300,000	(1,300,000)
Net Change in Fund Balances	165,000	165,000	987,610	822,609
Fund Balance, Beginning of Year	18,090,968	18,090,968	18,090,968	
Fund Balance, End of Year	18,255,968	18,255,968	19,078,578	822,609

The accompanying notes are an integral part of these financial statements.

Recreation and Park Commission for the Parish of East Baton Rouge
Special Revenue Enhancement Fund
Statement of Revenue, Expenditures and Changes in Fund Balances -
Budget and Actual (GAAP Basis)
Year Ended December 31, 2007

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
Revenue				
Local sources				
Ad valorem taxes	$8,200,000	$8,200,000	$9,039,574	$839,574
Earnings on investments	250,000	250,000	156,256	(93,744)
Total revenue	8,450,000	8,450,000	9,195,830	745,830
Expenditures				
Current				
Administrative expenditures	304,000	304,000	845,539	(541,539)
Recreation program expenditures	180,000	180,000	713,401	(533,401)
Maintenance department expenditures	2,890,000	2,890,000	386,851	2,503,149
Total expenditures	3,374,000	3,374,000	1,945,791	1,428,209
Excess of Revenue over Expenditures	5,076,000	5,076,000	7,250,039	2,174,039
Other Financing Sources (Uses)				
Operating transfer out	4,420,000	4,420,000	8,022,369	(3,602,369)
Total financing sources (uses)	4,420,000	4,420,000	8,022,369	(3,602,369)
Net Change in Fund Balances	656,000	656,000	(772,330)	(1,428,330)
Fund Balance, Beginning of Year	9,663,192	9,663,192	9,663,192	
Fund Balance, End of Year	10,319,192	10,319,192	8,890,862	(1,428,330)

The accompanying notes are an integral part of these financial statements.

Note 1 - Summary of Significant Accounting Policies

The Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) 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.

A. Financial Reporting Entity

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

B. Basis of Presentation

Basic financial statements of the Commission consist of the government-wide statements on all of the non-fiduciary activities of the primary government and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net assets and the statement of activities for all non-fiduciary activities of the primary government. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the Commission as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental Activities represent programs which normally are supported by taxes and intergovernmental revenues.

The Commission does not engage in any *Business-Type Activities*.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS

Fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB 34. Emphasis is now on major funds in either the governmental or business-type categories.

The daily accounts and operations of the Commission continue to be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The *various funds of the primary government are grouped, into generic fund types and two broad fund categories as* follows:

Governmental Activities Presented as Governmental Funds in the Fund Financial Statements:

General Fund - The General Fund is the general operating fund of the Commission. The General Fund accounts for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities.

C. Basis of Accounting and Measurement Focus

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

FUND FINANCIAL STATEMENTS

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting and Measurement Focus (Continued)

FUND FINANCIAL STATEMENTS (Continued)

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Charges for services, fines and forfeits, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. The Commission definition of available means expected to be received within sixty days of the end of the fiscal year.

Non-exchange transactions in which the Commission receives value without directly giving value in return include property tax, special assessments, grants, entitlements and donations. Property taxes are considered measurable in the calendar year of the tax levy if collected soon enough to meet the availability criteria. Sales taxes and gross receipts business taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Anticipated refunds of such taxes are recorded as reductions of revenue when they are refunded. Special assessments are recognized as revenues only to the extent that individual installments are considered current assets in the governmental fund types. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

D. 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 it's meeting in October of every year. It is adopted by the Commission at the November meeting after a public hearing. Amendments are recommended to the Commission as needed, and approved at public meetings.

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

ENCUMBRANCES

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

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, and Fund Equity

CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents for each fund include demand deposit account balances, repurchase agreements, certificate of deposit and U.S. government securities with maturities of three months or less from date purchased.

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

INVENTORIES AND PREPAID ITEMS

Merchandise inventories (items held for resale) and supplies inventories are valued at the lower of cost or market, using a moving weighted average. In the governmental fund types, inventoried items are recorded as expenditures when consumed rather than when purchased. Inventory balances at year-end are equally offset by fund balance reserves.

RESTRICTED ASSETS

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

INTERFUND RECEIVABLES AND PAYABLES

During the course of normal operations, the Commission has numerous transactions between funds including expenditures and transfers of resources to construct assets and service debt. In 2007, there were extraordinary cash transfers from the General Fund to the Capital Improvement Fund and Enhancement Construction Fund to provide additional funding for construction projects. $1,300,000 was transferred from the General Fund and divided equally between the two construction funds.

ACCOUNTS RECEIVABLE

Accounts receivable consists primarily of ad valorem taxes receivable. Taxes are reported net of an allowance for uncollectibles.

CAPITAL ASSETS

Capital assets, which include land and land improvements, buildings, equipment and infrastructure assets (roads, parking lots, lighting, bridges, drainage systems, etc.), are reported in the governmental activities columns in the government-wide financial statements. Capitalization thresholds are defined by Commission policy in procedure manuals of the Finance department, and are generally for items greater than $1,000.

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

CAPITAL ASSETS (Continued)

All assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add value to the asset or materially extended its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized in the year that the expenditure is made. *Depreciation* on all capital assets, excluding land and improvements, is calculated on the straight-line method over the estimated useful life of the assets.

The range of estimated useful lives by type of assets is as follows:

	Years
Immovable	20
Movable	5-20

All infrastructure assets purchased by the Commission since 1982 are recorded at actual cost as capital assets and depreciated accordingly. Infrastructure assets acquired prior to 1982 were recorded at estimated values prepared in 1982.

LONG-TERM OBLIGATIONS

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

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

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

COMPENSATED ABSENCES

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

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

COMPENSATED ABSENCES (Continued)

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

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

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

RESERVES AND DESIGNATIONS OF FUND EQUITY

Some portions of fund balance in the governmental fund types are *reserved* to indicate that a portion of equity is legally restricted to a specific future use and is not available for appropriation or expenditure. *Designated* portions of fund balance indicate tentative future spending plans, which may be changed and are subject to subsequent authorization before expenditures can be made. Designations are made for specific indicated purposes included in the title and require budgetary appropriations in subsequent years.

NET ASSETS

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

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

Note 1 - Summary of Significant Accounting Policies (Continued)

F. New Accounting Pronouncement

In 2004, the Governmental Accounting Standards Board (GASB) issued Statement 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions", which requires public agencies to account for, and report, the annual cost of Other Post-Employment Benefits (OPEB) in the same way they report pensions. As a result, the annual OPEB costs for most employers will be based on an actuarially determined amount rather than in the "pay-as-you-go" method. The Commission is required to implement this standard for the year ending December 31, 2008, and has not yet determined the full impact that adoption of GASB Statement 45 will have on the financial statements.

Note 2 - Cash, Cash Equivalents and Investments

A. Deposits

Deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent.

Deposits (including demand deposit accounts and certificates of deposits) at December 31, 2007, for the Commission are summarized as follows:

	Carrying Amount	Bank Balance
Cash and cash equivalents	$7,729,967	$9,003,672
Restricted cash and cash equivalents	21,724,101	21,724,101
	29,454,068	30,727,773

The Commission's bank balance of deposits at December 31, 2007, is not exposed to any custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. The Commission has a written policy for custodial credit risk.

B. Cash and Cash Equivalents Summary

The cash and cash equivalents on hand at December 31, 2007 are as follows:

	Governmental Activities
Petty cash	$19,340
Interest-bearing demand deposits	4,747,144
Money markets	767
Repurchase agreements	20,186,817
Time deposits	4,500,000
Total cash and cash equivalents	29,454,068

Note 2 - Cash, Cash Equivalents and Investments (Continued)

B. Cash and Cash Equivalents Summary (Continued)

The Commission is authorized by LRS 39:1211-1245 and 33:2955 to invest temporarily idle monies in the following:

1. U.S. Export-Import Bank
2. Farmers Home Administration
3. Federal Financing Bank
4. Obligations of U.S. Government Agencies, including such instruments as Federal Home Loan Bank bonds, Government National Mortgage Association bonds, and Student Loan Marketing Associations Resolutions Funding Corporation bonds
5. Fully collateralized certificates of deposit issued by qualified commercial banks and savings and loan associations located within the State of Louisiana
6. Direct security repurchase agreements
7. Fully collateralized interest-bearing checking accounts
8. Mutual or Trust Fund institutions which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States Government or its agencies
9. Federal Housing Administration Debentures
10. General Services Administration
11. U.S. Maritime Administration - Guaranteed Title XI Financing
12. U.S. Department of Housing and Urban Development
13. Any other investment allowed by state statute for local governments

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

The Commission's investments at December 31, 2007, are itemized as follows:

Investment Type	Carrying Amount	Amortized Cost/ Fair Value
Equities	$3,084,644	$3,084,644
U.S. Agencies	8,288,814	8,288,814
Total investments	11,373,458	11,373,458

As of December 31, 2007, the Commission had the following investment types and maturities for investments subject to interest rate risk:

		Remaining Maturity	
	Fair Value	Less than One year	One to five years
U.S. Agencies	$8,288,814	$7,285,684	$1,003,130

Note 2 - Cash, Cash Equivalents and Investments (Continued)

C. Investment Securities

Marketable equity securities at December 31, 2007, consist of 49,031 shares of publicly traded common and preferred stock among a diverse cross section of corporations. The stock was originally acquired by donation in 1989. Additional shares have been acquired due to splits and stock dividends. The stock is in the custody of brokerage firm that is a member of the Securities Investor Protection Corporation (Category 1). Fair values are based upon quoted prices of the New York Stock Exchange as of the close of business on December 31, 2007.

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

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

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

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

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

The Commission has no investments in any single organization that represents five percent or more of the Commission's net plan assets, nor does the Commission hold more than five percent of any corporation's stock at December 31, 2007.

Note 3 - Property Taxes

The 1974 Louisiana Constitution (Article 7, Section 18) 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

Note 3 - Property Taxes (Continued)

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 next reassessment year is 2008.

The 2007 property tax calendar is as follows:

Levy date	June 26, 2007
Millage rates adopted	June 26, 2007
Tax bills mailed	November 30, 2007
Due date	December 31, 2007
Lien date	January 1, 2008

State Law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. If taxes are not paid by the due date, taxes bear interest at the rate of one and one-fourth percent per month until the taxes are paid (LRS 47:2101). 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 (LRS 47:2181). Therefore, there are no delinquent taxes at year-end.

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

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

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

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

	Property Taxes Receivable	Estimated Uncollectible Property Taxes	Net Property Taxes Receivable
General Fund	$25,953,408	$648,835	$25,304,573
Capital Improvements Funds	5,808,350	145,209	5,663,141
Special Revenue Enhancement	9,216,861	230,422	8,986,439
Total	40,978,619	1,024,466	39,954,153

Note 4 - Changes in Capital Assets

Capital asset activity for the year ended December 31, 2007 was as follows:

	Balance at January 1, 2007	Additions	Adjustments and (Deletions)	Balance at December 31, 2007
Governmental Activities				
Capital assets not depreciated				
Land	$25,600,905		($685)	$25,600,220
Construction in progress		$3,678,770		3,678,770
Total capital assets not depreciated	25,600,905	3,678,770	(685)	29,278,990
Capital assets being depreciated				
Immoveable property	99,507,726	13,151,773		112,659,499
Moveable property and equipment	14,669,815	1,160,969	(1,088,259)	14,742,525
Total capital assets depreciated	114,177,541	14,312,742	(1,088,259)	127,402,024
Less accumulated depreciation for				
Immoveable property	50,756,319	4,416,877		55,173,196
Moveable property and equipment	10,318,522	1,287,978	(981,157)	10,625,343
Total accumulated depreciation	61,074,841	5,704,855	(981,157)	65,798,539
Total Capital Assets Being Depreciated, Net	53,102,700	8,607,887	(107,102)	61,603,485
Total Capital Assets, Net	78,703,605	12,286,657	(107,787)	90,882,475

Depreciation expense for 2007 is charged to the following functions in the statement of activities:

Administrative and planning	$759,853
Maintenance department operations	536,428
Recreation, program operations	3,047,791
Golf	1,047,929
Zoo	312,854
	5,704,855

Construction Commitment

The Commission entered into contracts in 2007 for a variety of park renovation projects as part of its "Imagine Your Parks" program. There were three major contracts being worked at December 31, 2007 with approximately $4,300,000 remaining.

Note 5 - Defined Benefit Plans

A. Plan Description

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

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

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

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

Retirement Administrator
Employees' Retirement System
City of Baton Rouge, Parish of East Baton Rouge
Post Office Box 1471
Baton Rouge, Louisiana 70821-1471

B. Funding Policy

Plan members are required to contribute 9.5% of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The current rate is 22.38% of annual covered payroll. The preceding rate is for the plan with the rate being applicable to the Employee's Retirement System of the City of Baton Rouge. The Commissions' contributions to the plans for the past three years were as follows:

	Contribution Rates		Amount
Year	Employee	Employer	Contributed
2007	9.50%	22.40%	$2,448,697
2006	9.50%	22.38%	2,310,816
2005	9.50%	20.13%	1,973,693

Note 5 - Defined Benefit Plans (Continued)

B. Funding Policy (Continued)

OPTIONAL RETIREMENT SYSTEM

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

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

Total contributions by the Commission are 4% of the covered payroll. The participant's contribution (4%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Benefits payable to participants are not the obligations of the Commission. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the optional retirement plan totaled $122,483 and $122,483, respectively, for the year ended December 31, 2007.

Note 6 - Compensation to Commissioners

All members of the Commission serve without compensation.

Note 7 - Post Employment Benefits

Commission employees are eligible to continue participation in health, dental and life insurance programs upon retirement.

A. Health and Dental Benefits

All full-time employees of the Commission at their option participate in the employees' group health program. Upon retirement the employee may continue their coverage with the same benefits payable to active employees. Retirees pay a contribution based on years of service, with a maximum contribution of 28% of the base plan; and 100% of the additional cost if they choose a plan with higher coverage benefits. BREC expenditures for health and medical benefits for retirees were $294,806 in 2007. Retirees contributed $172,661 (approximately 59% of the total costs) toward those medical benefits.

B. Life Insurance Benefits

The Commission provides a $4,000 life insurance benefit to employees who retired prior to January 1, 2004, and a $10,000 benefit to those who retired after January 1, 2004. This benefit is payable to the retiree's survivors upon the retiree's death. BREC made no payments in 2007 for retiree life insurance benefits. As of December 31, 2007, there were 92 BREC employees eligible for life insurance.

Note 7 - Post Employment Benefits (Continued)

C. Other Benefits

The Commission provides a supplemental payment to retirees based on the years of service and number of years retired. This supplement is paid in installments in the second, third and fourth quarter of the year. It is contingent on annual approval by the Commission. A retiree may receive a maximum supplement up to $1,230; and the minimum supplement is $30 per year. BREC paid $31,695 to retirees in 2007 for supplemental pay benefits. In 2007, there were 54 retired employees eligible for benefits.

Note 8 - Note Payable

As of December 31, 2007, the Commission had an outstanding tax anticipation note payable to JP Morgan Chase Bank for $6,000,000. The original note date was September 6, 2007 and matures on March 1, 2008. The interest rate is 3.79%. The note is secured by a pledge of all revenues for 2007. Total interest paid on short-term borrowings for 2007 was $157,222.

Short-term debt activity during 2007 is as follows:

Beginning balance	$8,500,000
Debt retired	(8,500,000)
Debt issued	6,000,000
Ending balance	6,000,000

Note 9 - Long Term Debt

A. Debt Outstanding

The following is a summary of changes in long-term debt for the year ended December 31, 2007:

	Balance Beginning of Year	Additions	Payments/ Deletions	Balance End of Year	Due Within One Year
Governmental Activities					
Tax Revenue Bonds	$43,575,000		($1,565,000)	$42,010,000	$1,620,000
Compensated absences payable	4,450,019	$966,431	(987,243)	4,429,207	950,000
Bond premium	929,875		(50,491)	879,384	50,491
Totals	48,954,894	966,431	(2,602,734)	47,318,591	2,620,491

B. Bonds Payable

$45,000,000 Tax Revenue Bonds Series 2005, secured by a pledge and dedication of the 3.253 mills of property tax collected by the Parish of East Baton Rouge and allocated to the Commission, due in annual installments through May, 2025, with interest at 4.5%.

Note 9 - Long Term Debt (Continued)

C. Changes in Bonds Payable

	Outstanding January 1, 2007	Issued	Retired	Outstanding December 31, 2007
Revenue Bonds				
Public improvement bonds	$43,575,000	$ -	($1,565,000)	$42,010,000

D. Debt Service Requirements to Maturity

The annual requirements to amortize bond debt including principal and interest are as follows:

Governmental Activities		
Year	Tax Revenue Bonds	
	Principal	Interest
2008	$1,620,000	$1,867,631
2009	1,670,000	1,814,169
2010	1,725,000	1,757,922
2011	1,780,000	1,697,663
2012	1,845,000	1,631,919
2013-2017	10,565,000	6,746,219
2018-2022	13,210,000	4,023,481
2023-2025	9,595,000	710,375
	42,010,000	20,249,379

E. Bond Restrictions

Under the terms of the indenture authorizing the issuance of Tax Revenue Bonds - Series 2005, proceeds of the 3.253 mills ad valorem tax, collected by the Parish of East Baton Rouge, and allocated to the Commission, are pledged and dedicated for the establishment and maintenance of the following bond funds:

1. The Tax Revenue Bond requires monthly transfers from the Enhancement Fund to the Debt Service Fund on the last day of each month equal to 1/12 of principal and interest.

2. The Tax Revenue Bond requires all tax revenues to be deposited into the Enhancement Fund.

The Commission was in compliance with the bond covenants in 2007.

Note 10 - Receivables and Payables

Balances due to/from other funds at December 31, 2007:

	Interfund	
	Receivable	Payable
Governmental Activities		
General Fund	$1,222,450	$1,922,663
Special Revenue Enhancement Fund		465,217
Capital Projects Fund	1,682,806	757,233
Capital Projects Enhancement Fund	1,922,663	1,682,806
Totals	4,827,919	4,827,919

Accounts receivable consists of the following:

	State	Other	Total
Governmental Activities			
General Fund	$857,517	$200,883	$1,058,400
Capital Project Funds	285,667	153,207	438,874
Special Revenue Enhancement Fund		9,946	9,946
Capital Projects Enhancement Fund	129,706	236,751	366,457
Totals	1,272,890	600,787	1,873,677

Note 11-Interfund Transfers

	Transfers	
	In	Out
Governmental Activities		
General Fund		$1,300,000
Special Revenue Enhancement Fund		8,022,369
Capital Projects Fund	$650,000	
Capital Projects Enhancement Fund	5,157,673	
Debt Service Fund	3,514,696	
Totals	9,322,369	9,322,369

Note 12 - Risk Management

A. Types of Risk

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 and unemployment compensation have no insurance policies to serve as stop loss. The Commission is at risk for the full amount of all general liability and unemployment claims.

Worker's compensation and employee health plan losses are covered by excess insurance policies, and professional administrators are contracted by the Commission to adjust and manage their respective claims. The self-insured retainer for worker's compensation is $350,000 per occurrence, and for employee health is $50,000 per occurrence.

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.

B. Accounting for Risk

In accordance with GASB Statement #10 *"Accounting and Financial Reporting for Risk Financing and Related Insurance Issues"* the Commission accounts for and reports risk management activities in the General Fund within the constraints of the modified accrual basis of accounting. Claims paid under the self-insurance risk activities are recorded as expenditures. There were no major changes in insurance coverage for the year ended December 31, 2007.

C. Contingent Liabilities - Claims and Judgments

The Commission is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Commission's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Commission.

D. Employee Benefits

The Commission provides medical insurance benefits to its full-time employees who choose to participate. In 2007 the Commission contributed approximately 80% of the cost of the base plan; and employees approximately 20%; additionally, employees pay the full cost of additional premiums for plans with higher coverage benefits. The Commission also provides certain life insurance benefits for retired employees which it self-insures. All of the Commission's full-time employees become eligible for these benefits when they reach normal retirement age while working for the Commission. Health care benefits are provided through an insurance company who's monthly premiums are paid jointly by the retiree and the Commission. The Commission's cost of providing these benefits are recognized as expenditures when the payments or monthly premiums are paid. Cost to the Commission for employee health benefits in 2007 was $1,597,807.

Note 13 - Fund Designations

Designations for the General Fund as of December 31, 2007 are as follows:

Self Insurance	$4,238,615
Retirees Life Insurance	560,000
Senior Citizens	78,475
Dream Day Camp	317,771
Mineral Endowment	1,303,849
	6,498,710

Designations for the Capital Projects Fund as of December 31, 2007, are as follows:

Recreation Building Construction	$4,000,000
Zoo Tiger Exhibit	2,000,000
Natural Resources Management	2,500,000
Golf course construction	2,500,000
	11,000,000

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

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June 10, 2008

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 the financial statements of the governmental activities and each major fund, of the Recreation and Park Commission for the Parish of East Baton Rouge, as of and for the year ended December 31, 2007, which collectively comprise the Recreation and Park Commission for the Parish of East Baton Rouge's basic financial statements and have issued our report thereon dated June 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Recreation and Park Commission for the Parish of East Baton Rouge's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Recreation and Park Commission for the Parish of East Baton Rouge's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described as 2007-1, 2007-2 and 2007-3 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Recreation and Park Commission for the Parish of East Baton Rouge'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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Recreation and Park Commission for the Parish of East Baton Rouge, management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513 this report is distributed by the Louisiana Auditor as a public document.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

Internal Control Over Financial Reporting

2007-1 Pledged Securities

Condition

L.R.S. 49:321 requires that funds shall not exceed at any time the amount insured by the Federal Deposit Insurance Corporation in any one banking institution or any one savings and loan association unless the uninsured portion is collateralized by the pledge of securities. At December 31, 2007, the Commission had $200,000 of cash balances in excess of FDIC insurance with one banking institution.

Recommendation

We recommend the Commission monitor their cash balances, and ensure that adequate coverage is maintained through the use of pledged securities when amounts exceed the FDIC insurance.

Management's Response

We agree with the auditor's finding that a certificate of deposit was not collateralized as of December 31, 2007. We have amended our procedures to include a reconciliation of bank investments that will be compared on a monthly basis to our statements of bank collateral. Of note, the certificate that was not collateralized on December 31, was collateralized immediately when the condition was discovered on January 11, 2008, when our staff began preliminary work on the auditor's bank confirmation statements.

2007-2 Over Payment to Contractor

Condition

One contractor was overpaid by $9,450. This was due to an invoice being paid without a purchase order.

Recommendation

We recommend that invoices be paid only after being compared to a purchase order.

Management's Response

We agree with the auditor's finding that there was an overpayment to a contractor. The overpayment was caused when well intentioned employees in the Finance Department successfully expedited the payment of an invoice in disregard of our procedures. There were two failures that caused the overpayment:

1. The purchasing office failed to secure proper approval of that invoice, and
2. The Accounts Payable office processed payment without proper approval.

The invoice was processed for payment via special handling by an employee in our purchasing office who carried the invoice directly to a clerk in Accounts Payable. The employees involved were made aware of their error, and now have a better understanding of these facets of our internal control system. Our money was recovered very quickly after the auditor informed us of their finding. We examined all payments on the contract in question and determined that there were no others out of order.

Internal Control Over Financial Reporting (Continued)

2007-3 Independent Contractor

Condition

Payments were made to independent contractors for services rendered in connection with community outreach functions, and there was no documentation to support these services. Also, several of the services rendered statements were not signed by the independent contractor.

Recommendation

We recommend that all services rendered statements be signed by the independent contractors.

Management's Response

We agree with your findings, and we have taken the following steps to improve our internal control over payments for small service contracts:

1. All contracts must be approved and assigned a number by the Purchasing Office.
2. "Services Rendered Statements" must be signed by the service provider.
3. Attendance reports or documentation to account for the contractor's presence on-site will be required as applicable.
4. There will be a higher standard for description of services provided on "Services Rendered Statements" to evidence performance.

The first item, Purchasing Office approval, was addressed in a new Purchasing Manual approved by the Commission in 2007. The last three items are being implemented immediately and will be included in a new Accounts Payable Procedures Manual soon to be re-drafted and approved.

Internal Control Over Financial Reporting

2006-1 Deposit for Flannery Road Park Recreation Center

Condition

Deposits which amounted to $330.00 were not made by an employee of the Flannery Road Park Recreation Center. A police report was filed, and the employee was terminated. The shortage was discovered by BREC employees in a timely manner. BREC recovered $80.00 of these funds.

Recommendation

To reduce the chances of this happening in the future, two employees should take deposits to the bank.

Management's Response

We agree with the auditor that cash control would be greatly improved by requiring a second employee to take deposits to the bank, but our experience over many years has been that cash losses of this nature are immaterial in comparison to the additional cost of labor required to send two employees for bank deposits. The added payroll expense to use a second employee for roughly 8,000 bank deposits annually would cost approximately 100 times our experienced cash losses. Please note the response to comment 2006-4. We believe that further segregation of duties as described in that finding will help to remedy this control weakness.

Resolution: This finding was resolved in the current year.

2006-2 Noncompliance with Bond Covenants

Condition

The Commission is not in compliance with the bond covenants requiring monthly transfers from the Special Revenue Enhancement Fund to the Debt Service Fund. The principal and interest payments were not being made out of the Debt Service Fund which is required by the bond covenant.

Recommendation

We recommend that the Commission adhere to all of the bond covenants set forth in the bond restrictions.

Management's Response

We agree with the auditor's findings and recommendations. Our lack of understanding of debt service requirements was the cause of the auditor's finding. We are now making cash transfers on a monthly basis equal to one-sixth of semiannual interest payments, and one-twelfth of annual principal payments to a special account dedicated to the liquidation of debt service.

Resolution: This finding was resolved in the current year.

Internal Control Over Financial Reporting (Continued)

2006-3 Bayern Account

Condition

During our audit we noted transactions in the bond revenue money market account were not being recorded. These transactions resulted in an adjustment of approximately $342,000 to cash and interest income.

Recommendation

We recommend that all transactions be reviewed and recorded.

Management's Response

We agree with the auditor's finding and recommendations. Our lack of understanding of the bank statements provided for construction fund and debt service fund accounts was the cause of the auditor's finding. We are now entering earnings of the account on a timely basis. Balances reported on the monthly bank statements are reconciled in a timely manner to the balances on our ledgers.

Resolution: This finding was resolved in the current year.

2006-4 Room Rentals - Flannery Road Park

Condition

There were two occasions in which an employee of the Flannery Road Park marked reservations for room rentals in BREC's reservation book, but the rental amount of $100 were never deposited. This employee was terminated after these incidents were discovered.

Recommendation

The duties of the booking of the rental and collection of money should be segregated.

Management's Response

We agree with the auditor's findings and recommendations, and arrangements have been made by the Recreation Programming Manager to start providing additional oversight over the financial activities at recreation centers. An Assistant Area Supervisor will be assigned responsibility for completing financial activity reports, preparing deposit slips and making bank deposits for the Flannery Road Recreation Center. The Center Supervisor will have responsibility for collecting money from customers, writing receipts to customers, and entering reservations into the reservation book. A cash receipt number will be entered into the reservation book when the fee is collected. In times past, the Center Supervisor had responsibility for all of these mentioned functions. The Assistant Area Supervisor will also be assigned responsibility to review the reservation book to determine that fees are assessed and collected. These changes will provide added supervisory oversight and segregation of duties, and they will be phased in at all of BREC's recreation centers as *RecTRAC* ©software programs are installed system-wide.

Resolution: This finding was resolved in the current year.

Recreation and Park Commission for the Parish of East Baton Rouge
Schedule of Prior Year Findings and Questioned Costs - Agreed Upon Procedures
Year Ended December 31, 2007

The following conditions were reported in our Agreed Upon Procedures Report dated August 1, 2007 which covered periods during 2006.

Conditions

Independence Park Theatre

Purchases

Two tax exempt purchases totaling $327.91 on which sales taxes were paid.
Two purchases totaling $308.90 were not supported by a receipt.

Credit Card Purchases

There were five purchases totaling $331.31 which were not for official BREC use.
There were sixteen purchases totaling $2,418.78 which were made by an unauthorized individual.
There were eight tax exempt purchases totaling $403.96 on which sales taxes were paid.

Facilities Rental

There were nineteen instances where no signed rental request form was in the rental file.
There were three instances where no rental addendum was in the rental file.
There were eight instances where no rental contract was in the rental file.
There were thirteen instances where the rental contract was not signed by the theatre manager.
There was one rental contract that was not signed by the customer.
There were eighteen instances where there was no proof of insurance in the rental file.
There was one instance where the insurance policy was not effective as of the date of the event.
There were twenty-two instances where the rates charged to customers did not agree with the fee schedule rates.
There was one instance where the total of the rental addendum did not agree with the total of the rental contract.
There were eleven instances where BREC received payments but there was no documentation for the events.

Payroll - Satellite Parks

There were four instances where the area supervisor picked up employee time sheets before the end of the pay period.
There was one instance where the Park did not have any blank sheets to enter an employee's name.
There were seventeen instances where employees filled out time sheets in advance.
There were four instances where employees failed to sign out on time sheets when leaving the facility.
There were four instances where employees failed to sign in on a time sheet when arriving at a facility.
There were ten instances where employees were not present at the time of our observation, but entered time on time sheets as if they were working.

Resolution

These findings did not re-appear in 2007.