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August 24, 2018

Mr. Daryl G. Purpera
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Attached please find an updated copy of the reporting package for the Recreation and Park Commission for the Parish of East Baton Rouge as of and for the year ended December 31, 2017.

The December 31, 2017 Total Net Position and a component thereof as reported within Management's Discussion and Analysis presented on page 5 has been changed. Restricted Net Position has changed from \$60,438,459 to \$21,336,459. Likewise, the Total Net Position has also changed from \$212,633,874 to \$173,531,874. These changes were made to reflect the Restricted Net Position and Total Net Position, respectively, within the audited financial statements beginning on page 9.

Respectfully,

Postlethwaite + Netterville

POSTLETHWAITE & NETTERVILLE, APAC

REISSUE

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017

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RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

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INDEPENDENT AUDITORS' REPORT

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

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, 2017, 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, 2017, 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.

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

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying Schedule of Compensation Paid to the Head of Commission on page 53 is presented in order to comply with LA R.S. 24:513 and for the purpose of additional analysis and is not a required part of the basic financial statements. The General Fund Combining Schedules 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 Schedule of Compensation Paid to Head of Commission and the General Fund Combining Schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2018 on our consideration of the Recreation and Park Commission for the Parish of East Baton Rouge's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Postlethwaite + Netterville

Baton Rouge, Louisiana
July 2, 2018

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, 2017

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.

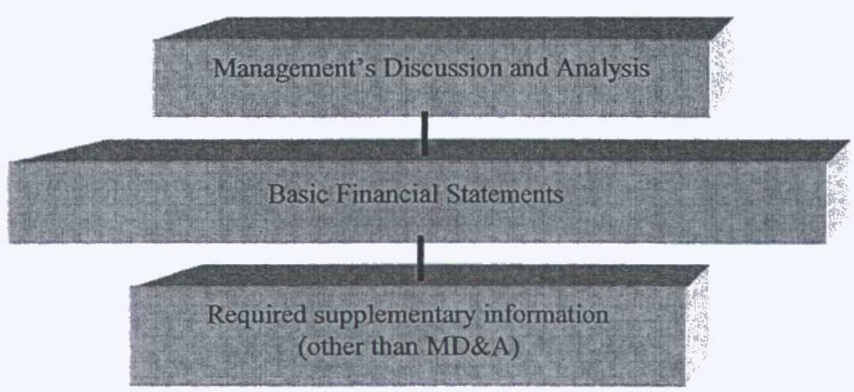
FINANCIAL HIGHLIGHTS

- ★ Assets and deferred outflows of the Recreation and Park Commission exceeded its liabilities and deferred inflows on December 31, 2017 by $173,531,874 (net position). Of this net position amount, $9,180,194 (unrestricted net position) may be used to meet ongoing obligations to our creditors.

- ★ As of December 31, 2017, the governmental funds reported combined ending fund balances of $ 90,991,557, an increase of $930,801 in comparison with the prior year. The increase is primarily the result of increases in several revenue sources combined with lower spending on construction projects. Approximately 20% of the fund balance, $17,874,609, is available for spending at the Commission's discretion (unassigned fund balance of the General Fund).

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

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

The *statement of net position* presents information on all of the Commission's assets, deferred outflows, liabilities and deferred inflows, with the difference between 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 by the Commission's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of cost of various Commission services and/or subsidies to various activities.

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

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

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

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

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.

The following table reflects the condensed Statement of Net Position for 2017 and 2016:

Condensed Statements of Net Position
as of December 31, 2017 and 2016

	2017	2016
Assets		
Current and other assets	$ 102,822,578	$ 105,621,691
Capital assets	174,043,328	166,210,696
Total assets	276,865,906	271,832,387
Deferred outflows	22,458,876	23,186,481
Liabilities		
Current liabilities	6,281,559	8,009,013
Non-current liabilities		
Due within one year	5,817,000	4,275,000
Due in more than one year	113,694,349	107,443,873
Total liabilities	125,792,908	119,727,886
Deferred inflows	-	-
Net position		
Net investment in capital assets	143,015,221	131,674,656
Restricted	21,336,459	20,316,419
Unrestricted	9,180,194	23,299,907
Total net position	$ 173,531,874	$ 175,290,982

- Approximately 82% of the Commission's net position as of December 31, 2017 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 12% of the Commission's net position is subject to external restrictions.

- The remaining 5% 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 2017, 2016, and 2015:

Condensed Statements of Revenues and Expenses
For the Years Ended December 31, 2017, 2016 and 2015

	2017	2016	2015
Revenues			
Program revenues			
Charges for services	$ 10,137,338	$ 9,839,713	$ 10,210,255
Operating grants and contributions	302,406	601,306	-
Capital grants and contributions	883,187	2,227,272	3,831,733
General revenues			
Ad Valorem Tax	59,203,330	56,737,444	55,898,382
State Revenue Sharing	1,557,084	1,495,901	1,547,958
Other General Revenues	1,434,610	1,165,839	721,920
	73,517,955	72,067,475	72,210,248
Expenses			
Administration and Planning	21,750,424	16,485,148	20,623,392
Maintenance Department Operations	15,752,180	16,743,798	8,982,968
Recreation Program Operations	21,502,774	20,249,981	16,398,448
Golf Operations	7,626,148	7,254,879	5,543,133
Zoo Operations	6,385,054	6,070,128	4,471,381
Aquatics and Therapeutics	1,301,638	1,154,516	1,196,336
Interest on long-term debt	958,845	1,037,620	1,118,616
	75,277,063	68,996,070	58,334,274
Excess of revenues over expenses	$ (1,759,108)	$ 3,071,405	$ 13,875,974
Net position, beginning of year	175,290,982	172,219,577	158,343,603
Net position, end of year	$ 173,531,874	$ 175,290,982	$ 172,219,577

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 4.3% increase and there was also an increase in charges for services. In the prior year, both revenue sources were affected by widespread flooding throughout the Parish in August 2016. In accordance with state law, the Parish Assessor reassessed property values for flood affected areas for that year. The reduced assessments on some properties resulted in lower tax revenues than the Commission would have otherwise received for 2016, which was a re-assessment year in the four-year cycle. For the most part property assessments were restored to their full amounts allowed under law thereby resulting in increased revenue.

The Commission's expenses, overall, increased as programs and operations recovered from the 2016 flooding and more parks were placed into service. There were significant increases in pension expense in 2017 because of continued recognition of benefits as they accrue to Commission employees and the net pension liability of the City-Parish Employees' Retirement System, of which the Commission records its participating share. It is also important to know, when comparing 2016 expenses to those of 2015, that the classification of certain expenses changed. Pension, employee benefits, and other administrative costs were redistributed from the administrative and planning cost category to various other functional categories. Additionally, the Commission recognized a sizable loss from an automobile claim within the risk management program.

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2017

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 $17,874,609, while total fund balance of the general fund was $57,659,634. Compared with total general fund balance, as restated, of $58,174,313 at the end of 2016, fund balance decreased $514,679 during 2017. The fund balance decrease is a result of expenditures exceeding revenues for the year. This fund balance can be used to support general operations.

The Commission's other governmental funds consisting of the Debt Service Fund, the Capital Improvements Fund, the Enhancement Construction Fund and the Special Revenue Enhancement Fund collectively contain $33,331,923 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.

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, 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, 2017 total $174,043,328 (net of accumulated depreciation). Capital assets include land, buildings and improvements, construction in progress, and moveable property consisting of furniture, machinery and equipment. Accumulated depreciation represents approximately 44% of the original cost of all capital assets, and approximately 51% of depreciable capital assets. Capital asset additions in 2017 were $18,067,671, or approximately 10% of the book value of all capital assets.

Capital Assets at December 31
(Net of Depreciation)

	2017	2016	2015
Land	$ 29,761,385	$ 29,761,385	$ 29,487,815
Construction in progress	10,715,093	22,276,106	5,656,332
Moveable Property and Equipment	4,346,483	3,576,344	3,651,344
Immoveable Property	129,220,367	110,596,861	115,582,727
Totals	$ 174,043,328	$ 166,210,696	$ 154,378,218

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 operates on a pay-as-you-go basis. Total expenditures in 2017 of the Capital Improvements Fund were $8,503,683. 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 2017 of the Enhancement Construction Fund were $2,114,963. The combined total expenditures of the two capital projects funds were $10,618,646 and $22,465,459 in 2017 and 2016, respectively.

Some of the more significant capital improvements during the 2017 fiscal year included construction and renovation projects at the following locations: Anna T. Jordan, Independence Park (multiple projects), Jefferson Highway Park, Liberty Lagoon, CAPP Trails and Olympia Stadium renovations.

Long-term debt

At the end of the calendar year 2017, the Commission had total bonded debt outstanding of $32,795,000, compared to bonded debt outstanding as of December 31, 2016 of $36,520,000. This decrease reflects principal payments on the bonds that were made according to schedule. No debt was issued during 2017. Long-term debt also includes the Commission's share of the City-Parish Employees' Retirement System net pension liability of $72,533,771, compensated leave of $3,105,336, other post-employment benefits of $5,277,242 and self-insurance claims payable of $5,800,000.

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 2018 budget:

- Property tax revenues will remain relatively constant.
- User fees will increase for aquatics, golf and special facilities.
- Operating expenses will increase modestly due to merit pay increases and related increases in benefits, particularly retirement contributions.
- Capital expenditures will continue from available pay-as-you-go tax revenue for parks and replacement of aging fleet and equipment.

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, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 42,469,256
Accounts receivable	1,063,164
Ad valorem taxes receivable, net	58,939,942
Inventory	350,216
Capital assets - non-depreciable	40,476,478
Capital assets - depreciable, net	133,566,850
TOTAL ASSETS	276,865,906
DEFERRED OUTFLOWS	
Loss on debt refunding	1,734,493
Net pension liability	20,724,383
TOTAL DEFERRED OUTFLOWS	22,458,876
LIABILITIES	
Accounts payable	3,899,166
Accrued expenses payable	2,382,393
Non-current liabilities	
Due within one year	5,817,000
Due in more than one year	113,694,349
TOTAL LIABILITIES	125,792,908
DEFERRED INFLOWS	-
NET POSITION	
Net investment in capital assets	143,015,221
Restricted	
Capital projects	16,877,318
Debt service	4,341,641
Other	117,500
Unrestricted	9,180,194
TOTAL NET POSITION	$ 173,531,874

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, 2017

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Functions/Programs					
Governmental activities					
Administration and planning	$ 21,750,424	$ -	$ -	$ -	$ (21,750,424)
Maintenance department operations	15,752,180	-	-	-	(15,752,180)
Recreation program operations	21,502,774	3,797,389	302,406	883,187	(16,519,792)
Golf operations	7,626,148	3,373,197	-	-	(4,252,951)
Zoo operations	6,385,054	1,960,092	-	-	(4,424,962)
Aquatics and therapeutics	1,301,638	1,006,660	-	-	(294,978)
Interest Expense	958,845	-	-	-	(958,845)
	$ 75,277,063	$ 10,137,338	$ 302,406	$ 883,187	$ (63,954,132)
			General Revenues		
			Property taxes		59,203,330
			State revenue sharing		1,557,084
			Earnings on investments		893,742
			Miscellaneous		540,868
			Total general revenues		62,195,024
			Change in Net Position		(1,759,108)
			Net Position - December 31, 2016		175,290,982
			Net Position - December 31, 2017		$173,531,874

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, 2017

	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	NON-MAJOR FUND Debt Service Fund	Total
ASSETS						
Cash and cash equivalents	$ 16,290,977	$ 12,450,263	$ 11,613,493	$ 27,271	$ 29,953	$ 40,411,957
Ad valorem taxes receivable	37,329,037	8,354,206	-	13,256,699	-	58,939,942
Due from governments and other	865,203	197,961	-	-	-	1,063,164
Inventory	350,216	-	-	-	-	350,216
Due from other funds	10,023,044	-	4,267,964	-	4,428,961	18,719,969
TOTAL ASSETS	64,858,477	21,002,430	15,881,457	13,283,970	4,458,914	119,485,248
DEFERRED OUTFLOWS	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 64,858,477	$ 21,002,430	$ 15,881,457	$ 13,283,970	$ 4,458,914	$ 119,485,248
LIABILITIES						
Accounts payable	2,715,429	480,008	30,838	377,725	850	3,604,850
Accrued expenses payable	1,599,436	339,772	147,734	-	-	2,086,942
Due to other funds	-	2,693,355	3,706,344	12,091,702	-	18,491,401
TOTAL LIABILITIES	4,314,865	3,513,135	3,884,916	12,469,427	850	24,183,193
DEFERRED INFLOWS	2,883,978	611,977	-	814,543	-	4,310,498
FUND BALANCE						
Nonspendable	350,216	-	-	-	-	350,216
Spendable:						
Restricted	17,500	16,877,318	32,400	-	4,458,064	21,385,282
Committed	1,342,965	-	-	-	-	1,342,965
Assigned	38,074,344	-	11,964,141	-	-	50,038,485
Unassigned	17,874,609	-	-	-	-	17,874,609
TOTAL FUND BALANCE	57,659,634	16,877,318	11,996,541	-	4,458,064	90,991,557
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	$ 64,858,477	$ 21,002,430	$ 15,881,457	$ 13,283,970	$ 4,458,914	$ 119,485,248

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

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2017

Total Fund Balances at December 31, 2017 - Governmental Funds		$ 90,991,557
Cost of capital assets at December 31, 2017	$ 311,464,184	
Less: Accumulated Depreciation as of December 31, 2017	137,420,856	174,043,328
Deferred inflows at December 31, 2017 (property tax and revenue sharing not available)		4,140,770
Deferred outflows at December 31, 2017 (loss on bond refunding)		1,734,493
Deferred outflows at December 31, 2017 (net pension liability)		20,724,383
Consolidation of internal service funds		(4,274,885)
Accrued interest on bonds payable		(116,423)
Long-term liabilities at December 31, 2017:		
Bonds payable	$ (32,795,000)	
Compensated absences payable	(3,105,336)	
Net Pension Liability	(72,533,771)	
Net other post-employment benefit obligation	(5,277,242)	(113,711,349)
Total net position at December 31, 2017 - Governmental Activities		$ 173,531,874

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, 2017

	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	NON-MAJOR FUND Debt Service Fund	Total
REVENUES						
Local sources:						
Ad valorem taxes	$ 37,864,863	$ 8,474,123	$ -	$ 13,446,987	$ -	$ 59,785,973
Recreation activity fees	10,137,300	-	-	-	-	10,137,300
Earnings on investments	475,778	189,309	125,706	56,691	18,706	866,190
Donations and miscellaneous	192,742	71,861	30,475	-	-	295,078
Intergovernmental revenues:						
Revenue sharing	1,265,948	291,181	-	-	-	1,557,129
Restricted grants-in-aid	272,900	604,653	64,203	-	-	941,756
TOTAL REVENUES	50,209,531	9,631,127	220,384	13,503,678	18,706	73,583,426
EXPENDITURES						
Current:						
Administrative and planning	10,246,357	943,679	309,842	377,725	2,550	11,880,153
Maintenance department operations	11,639,370	-	-	-	-	11,639,370
Recreation program operations	13,023,721	-	-	-	-	13,023,721
Golf operations	5,813,107	-	-	-	-	5,813,107
Zoo operations	5,168,390	-	-	-	-	5,168,390
Aquatics and therapeutics	1,274,622	-	-	-	-	1,274,622
Flood relief operations	855,400	-	-	-	-	855,400
Debt service						
Principal	-	-	-	-	3,725,000	3,725,000
Interest	-	-	-	-	738,205	738,205
Capital outlay	9,169,532	7,560,004	1,805,121	-	-	18,534,657
TOTAL EXPENDITURES	57,190,499	8,503,683	2,114,963	377,725	4,465,755	72,652,625
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,980,968)	1,127,444	(1,894,579)	13,125,953	(4,447,049)	930,801

(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, 2017**

					NON-MAJOR FUND	
	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	Debt Service Fund	Total
OTHER FINANCING SOURCES (USES)						
Transfers out	-	-	-	(13,125,953)	-	(13,125,953)
Transfers in	6,466,289	-	2,217,756	-	4,441,908	13,125,953
TOTAL OTHER FINANCING SOURCES (USES)	6,466,289	-	2,217,756	(13,125,953)	4,441,908	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(514,679)	1,127,444	323,177	-	(5,141)	930,801
Fund Balance, December 31, 2016, as restated	58,174,313	15,749,874	11,673,364	-	4,463,205	90,060,756
Fund Balance, December 31, 2017	$ 57,659,634	$ 16,877,318	$ 11,996,541	$ -	$ 4,458,064	$ 90,991,557

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, 2017

Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds		$ 930,801
Capital Assets:		
Capital outlay and other expenditures capitalized	$ 18,067,671	
Loss on disposal of property and impairment	(66,755)	
Depreciation expense for year ended December 31, 2017	(10,141,268)	7,859,648
Change in deferred inflows and outflows - property tax and revenue sharing		(582,688)
Change in net position of internal service fund		(5,482,998)
Long Term Debt:		
Principal portion of debt service payments and redemptions	3,725,000	
Change in net pension liability and related deferrals	(6,833,130)	
Change in post-employment benefit obligation	(716,404)	
Deferred loss amortization	(233,864)	
Change in accrued interest on long-term debt	13,226	
Change in compensated absences payable	$ (411,683)	(4,456,855)
Change in Net Position - Governmental Activities		$ (1,732,092)

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, 2017

	Employee Benefit Fund	Risk Management Fund	Other Internal Service Funds	Total Internal Service Funds
ASSETS				
Current:				
Cash and cash equivalents	$ 1,187,168	$ 490,060	$ 380,071	$ 2,057,299
Due from other funds	-	16,432	21,286	37,718
TOTAL ASSETS	$ 1,187,168	$ 506,492	$ 401,357	$ 2,095,017
LIABILITIES				
Liabilities:				
Current:				
Accounts payable	191,182	92,207	10,927	294,316
Due to other funds	122,873	-	143,413	266,286
Accrued expenses	-	9,300	-	9,300
Claims payable	300,000	717,000	-	1,017,000
	614,055	818,507	154,340	1,586,902
Long-term:				
Claims payable	-	4,783,000	-	4,783,000
TOTAL LIABILITIES	614,055	5,601,507	154,340	6,369,902
NET POSITION				
Restricted	-	100,000	-	100,000
Unrestricted	573,113	(5,195,015)	247,017	(4,374,885)
	573,113	(5,095,015)	247,017	(4,274,885)
TOTAL LIABILITIES AND NET POSITION	$ 1,187,168	$ 506,492	$ 401,357	$ 2,095,017

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, 2017

	Employee Benefit Fund	Risk Management Fund	Other Internal Service Funds	Total Internal Service Funds
OPERATING REVENUES				
Premiums received	$ 4,513,816	$ 235,813	$ -	$ 4,749,629
Printshop charges	-	-	126,150	126,150
TOTAL OPERATING REVENUE	4,513,816	235,813	126,150	4,875,779
OPERATING EXPENSES				
Claims expense	3,893,933	4,724,064	-	8,617,997
Insurance premiums	-	665,847	-	665,847
Personnel expenses	-	-	129,761	129,761
Materials and supplies	-	-	102,365	102,365
Administrative fees	834,216	36,143	-	870,359
TOTAL OPERATING EXPENSES	4,728,149	5,426,054	232,126	10,386,329
NET OPERATING INCOME (LOSS)	(214,333)	(5,190,241)	(105,976)	(5,510,550)
NON-OPERATING REVENUES				
Interest income	18,131	4,844	4,577	27,552
CHANGE IN NET POSITION	(196,202)	(5,185,397)	(101,399)	(5,482,998)
NET POSITION at DECEMBER 31, 2016	769,315	90,382	348,416	1,208,113
NET POSITION at DECEMBER 31, 2017	$ 573,113	$ (5,095,015)	$ 247,017	$ (4,274,885)

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, 2017

	Employee Benefit Fund	Risk Management Fund	Other Internal Service Funds	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash premiums received	$ 4,513,816	$ 254,990	$ -	$ 4,768,806
Printshop charges received	-	-	126,150	126,150
Cash paid in claims and premiums	(3,843,933)	(1,389,911)	-	(5,233,844)
Cash paid for expenses	(828,357)	59,229	(241,457)	(1,010,585)
NET CASH USED IN OPERATING ACTIVITIES	(158,474)	(1,075,692)	(115,307)	(1,349,473)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund transfers and advances	(260,623)	168,916	11,406	(80,301)
NET CASH USED IN (PROVIDED BY) NONCAPITAL FINANCING ACTIVITIES	(260,623)	168,916	11,406	(80,301)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income	18,131	4,844	4,577	27,552
NET CASH PROVIDED BY INVESTING ACTIVITIES	18,131	4,844	4,577	27,552
NET CHANGE IN CASH	(400,966)	(901,932)	(99,324)	(1,402,222)
Cash at beginning of year	1,588,134	1,391,992	479,395	3,459,521
CASH AT END OF YEAR	$ 1,187,168	$ 490,060	$ 380,071	$ 2,057,299
Reconciliation of change in net position to net cash used in operating activities				
Net operating income (loss)	$ (214,333)	$ (5,190,241)	$ (105,976)	$ (5,510,550)
Adjustments to reconcile change in net position to net cash used in operating activities:				
Changes in:				
Accounts receivable	-	19,177	-	19,177
Accounts payable	5,859	86,072	(4,716)	87,215
Accrued Expenses	-	9,300	(4,615)	4,685
Claims payable	50,000	4,000,000	-	4,050,000
NET CASH USED IN OPERATING ACTIVITIES	$ (158,474)	$ (1,075,692)	$ (115,307)	$ (1,349,473)

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

RECREATION AND PARK COMMISSION FOR
THE PARISH OF EAST BATON ROUGE

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

GASB 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 fixed assets, and the servicing of long-term debt. The Commission reports the following major governmental funds:

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

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

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

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

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. Revenue is recognized by the Commission at that time.

Expenditures

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

Vendor payments are recorded as the obligation is incurred.

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

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

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Fund Financial Statements (FFS) (continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with a proprietary fund's principal ongoing operations. Operating expenses for internal service funds include the cost of sales 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, 2017, 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.

F. CAPITAL ASSETS

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. CAPITAL ASSETS (continued)

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

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

G. COMPENSATED ABSENCES

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

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

Commission employees of certain job classifications may accrue compensatory (comp) time in lieu of overtime pay up to a maximum of 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).

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.

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

G. COMPENSATED ABSENCES (continued)

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 Statement 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

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

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

H. NET POSITION

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

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

I. FUND EQUITY OF FUND FINANCIAL STATEMENTS

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. FUND EQUITY OF FUND FINANCIAL STATEMENTS (continued)

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

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

Unassigned – represent balances for which there are no constraints.

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

J. INTERFUND ACTIVITY

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

K. USE OF ESTIMATES

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

L. BUDGET PRACTICES

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. ENCUMBRANCES

Encumbrances represent purchase orders, contracts, or other commitments; and are recorded in budgetary funds to reserve portions of applicable appropriations. The Commission uses 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 net 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.

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 represents 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 and pensions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. Deferred amount on refunding of debt is reported in the deferred outflow section of the Statement of Net Position.

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

Q. New Accounting Standards Not Yet Effective

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This statement is effective for periods beginning after June 15, 2017, and will be implemented in the Commission's financial statements for the year ended December 31, 2018. The Commission is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

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 2017 property tax calendar was as follows:

Millage rates adopted	November 22, 2016
Levy date	November 22, 2016
Tax bills mailed	November 29, 2017
Due date	December 31, 2017

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.

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

2. **PROPERTY TAXES** (continued)

The authorized and levied millage consisted of the following for 2017:

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	$ 38,286,192	$ 957,155	$ 37,329,037
Capital Improvements Fund	8,568,416	214,210	8,354,206
Special Revenue Enhancement Fund	13,596,614	339,915	13,256,699
	$ 60,451,222	$ 1,511,280	$ 58,939,942

The Commission is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). For the year ending December 31, 2017, the government participated in the Industrial Tax Exemption Program.

Under the ITEP, as authorized by Article 7, Section 21(F) of the Louisiana Constitution and Executive Order Number JBE 2016-73, companies that qualify as manufacturers can apply to the State Board for a property tax exemption on all new property, as defined, used in the manufacturing process. Under the ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of $5 million. The exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon approval by the State Board. In the case of the local government, these abatements have resulted in reductions of property taxes, which the tax assessor administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent.

Taxes abated under ITEP for the year ended December 31, 2017 were approximately $707,000.

3. CASH AND CASH EQUIVALENTS

At December 31, 2017, 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	$ 42,447,454	$ 42,743,581
Petty cash	21,802	-
	$ 42,469,256	$ 42,743,581

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, 2017.

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, 2017.

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2017 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 29,761,385	$ -	$ -	$ 29,761,385
Construction in progress	22,276,106	16,183,976	27,744,989	10,715,093
Total capital assets, not depreciated	52,037,491	16,183,976	27,744,989	40,476,478
Capital Assets Being Depreciated				
Immovable property	224,595,483	27,746,960	-	252,342,443
Moveable property and equipment	18,027,270	1,881,724	1,263,731	18,645,263
Total capital assets being depreciated	242,622,753	29,628,684	1,263,731	270,987,706
Less Accumulated Depreciation For				
Immovable property	113,998,622	9,123,454	-	123,122,076
Moveable property and equipment	14,450,926	1,044,830	1,196,976	14,298,780
	128,449,548	10,168,284	1,196,976	137,420,856
Total Capital Assets Being Depreciated (net)	114,173,205	19,460,400	66,755	133,566,850
Total Capital Assets (net)	$ 166,210,696	$ 35,644,376	$ 27,811,744	$ 174,043,328

Depreciation expense for 2017 is charged to the following functions in the statement of activities:

Administrative and planning	$ 929,086
Maintenance department operations	923,458
Recreation, program operations	6,938,217
Golf operations	1,009,332
Zoo operations	341,175
Aquatics operations	27,016
	$ 10,168,284

5. RETIREMENT SYSTEMS

A. DEFINED BENEFIT PLANS

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

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

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. 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.

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.

5. **RETIREMENT SYSTEMS** (continued)

A. DEFINED BENEFIT PLANS (continued)

Retirement Benefits (continued)

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) 1 (b) of the City-Parish Code of Ordinances. Participating employers are required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at rates annually determined by the CPERS's actuary. The Metropolitan Council of the City of Baton Rouge and Parish of East Baton Rouge has authority 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, 2017, for the Commission and covered employees were as follows:

Commission	Employees
32.82%	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,		
2017	2016	2015
$ 5,480,952	$ 5,132,391	$ 4,859,558

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, 2016. The Commission uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2017 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	Rate at Measurement Date	Increase (Decrease) to Prior Year Rate
December 31, 2016	$ 72,533,771	12.20593%	0.72938%

The Commission's recognized pension expense for the year ended December 31, 2017 was $12,093,185.

At December 31, 2017, the Commission reported deferred outflows of resources related to pensions from the following sources:

Differences between expected and actual experience	$ 1,810,760
Changes of assumptions	2,901,408
Net difference between projected and actual earnings on pension plan investments	7,023,211
Changes in proportion and differences between Employer contributions and proportionate share of contributions	3,363,917
Differences between allocated and actual contributions	144,135
Employer contributions subsequent to the measurement date	5,480,952
Total	$ 20,724,383

The Commission reported a total of $5,480,952 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, 2018.

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
2018	$ 6,473,821
2019	5,604,211
2020	3,321,182
2021	(155,783)
	$ 15,243,431

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, 2016	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Expected Remaining Service Lives	4 years	
Investment Rate of Return	7.25% 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:

	Long-Term Target Asset Allocation	Expected Portfolio Real Rate of Return
Asset Class		
Core fixed income	15.0%	2.00%
Core plus fixed income	15.0%	2.80%
Large cap domestic equity	19.5%	5.50%
Non-large cap domestic equity	3.0%	5.80%
International large cap equity	15.0%	6.00%
International small cap equity	2.5%	6.00%
Emerging market equity	5.0%	8.00%
Core real estate	5.0%	4.80%
Master limited partnerships	5.0%	9.80%
Private equity	5.0%	8.80%
Risk parity	5.0%	6.30%
Hedge funds	5.0%	3.80%
Total	100.0%	7.89%

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 7.25% for the measurement date of December 31, 2016.

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	6.25%	7.25%	8.25%
Commission's Share of NPL	$ 91,131,313	$ 72,533,771	$ 56,924,962

Payables to the Pension Plan

The Commission recorded accrued liabilities to CPERS for the year ended December 31, 2017 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, 2017 is $297,782.

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 19.3%, respectively. Contributions to the plans were as follows for the past two years:

2017	$114,546
2016	$115,211

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, 2017.

6. **OTHER POST-EMPLOYMENT BENEFITS**

The Commission provides medical and life insurance benefits to its retired employees and this practice constitutes a single-employer post-employment benefit plan for purposes of applying Government Accounting Standards Board Statement No. 45 *Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions* (GASB 45).

Plan Description. Substantially all full-time employees are eligible to participate in the Plan. Employees are eligible upon entering retirement or exiting from D.R.O.P. Substantially all employees are covered by the Baton Rouge City Parish Retirement System. The retirement eligibility (D.R.O.P. entry) provision in order to obtain the full retirement benefit formula is 25 years of service at any age. There is a graded formula based on service at retirement to determine the percentage of the total medical premium paid by the employer: 73% for 25 or more years of service; 55% for 20-24 years of service; 37% for 15-19 years of service. Because of these two interacting provisions, it has been assumed that D.R.O.P. entry would occur at the earliest of the following: 25 years of service; age 55 and 20 years of service; age 60 and 10 years of service.

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

Funding Policy. Until 2008, the Commission recognized the cost of providing post-employment medical benefits (the Commission's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2008, with the adoption of GASB 45, the cost of benefits was recognized over the period of employment. In 2017 and 2016, the Commission's portion of health care and life insurance funding cost for retired employees totaled $449,081 and $415,816, respectively. This amount was applied toward the Net OPEB Benefit Obligation as earned and as shown in the following table.

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

Annual Required Contribution. The Commission's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017	2016
Normal cost	$ 440,053	$ 423,128
30-year UAL amortization amount	806,752	775,723
Annual required contribution (ARC)	$ 1,246,805	$ 1,198,851

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

	2017	2016
Beginning Net OPEB Obligation	$ 4,560,838	$ 3,846,384
Annual required contribution	1,246,805	1,198,851
Interest on Net OPEB Obligation	182,434	153,856
ARC Adjustment	(263,754)	(222,437)
OPEB Cost	1,165,485	1,130,270
Current year retiree premium	(449,081)	(415,816)
Change in Net OPEB Obligation	716,404	714,454
Ending Net OPEB Obligation	$ 5,277,242	$ 4,560,838

The following table shows the Commission's annual other post-employment benefits (OPEB) cost, percentage of the cost contributed, and the net other post-employment benefits (OPEB) liability:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
December 31, 2017	$ 1,165,485	39%	$ 5,277,242
December 31, 2016	$ 1,130,270	37%	$ 4,560,838
December 31, 2015	$ 1,013,435	44%	$ 3,846,384

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

Funded Status and Funding Progress. In 2017 and 2016, the Commission made no contributions to its post-employment benefits plan other than payment of current year retiree premiums. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2016 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2017 was $14,508,280 which is defined as that portion, as determined by a particular actuarial cost method (the Commission uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

		2017		2016
Actuarial Accrued Liability (AAL)	$	14,508,280	$	13,950,269
Actuarial Value of Plan Assets (AVP)		-		-
Unfunded Act. Accrued Liability (UAAL)	$	14,508,280	$	13,950,269
Funded Ratio (AVP/AAL)		0.00%		0.00%
Covered Payroll (active plan members)	$	17,524,913	$	16,587,799
UAAL as a percentage of covered payroll		82.79%		84.10%

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Commission and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Commission and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Commission and plan members in the future.

Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Turnover Rate. An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 21%.

Post-employment Benefit Plan Eligibility Requirements. It is assumed that entitlement to benefits will commence five years after earliest assumed entry into the D.R.O.P. This consists of the five year D.R.O.P. period without any additional delay. It has been assumed that D.R.O.P. entry would occur at the earliest of the following: 25 years of service at any age; age 55 and 25 years of service; or, age 60 and 10 years of service. Entitlement to benefits continue through Medicate to death.

6. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out and later.

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

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The medical rates provided are "blended" rates for active and retired before Medicare eligibility. Since "unblended" rates are required by GASB 45 for valuation purposes, we have estimated the unblended retiree rates for pre-Medicare eligibility as being 130% of the blended rates and 80% of the blended rates for post-Medicare eligibility.

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

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

7. LONG-TERM LIABILITIES

The following is a summary of the changes in general long-term obligations for the year ended December 31, 2017:

	Beginning of Year Balance	Additions	Deductions	End of Year Balance
Tax revenue bonds	$ 36,520,000	$ -	($ 3,725,000)	$ 32,795,000
Compensated absences payable	2,693,653	1,502,674	(1,090,991)	3,105,336
Net pension liability	66,194,382	11,820,341	(5,480,952)	72,533,771
Net other post-employment obligation	4,560,838	716,404	(-)	5,277,242
Claims payable	1,750,000	8,617,997	(4,567,997)	5,800,000
Total	$ 111,718,873	$ 22,657,416	($ 14,864,940)	$ 119,511,349

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

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, 2017:

	Current	Long-Term
Tax revenue bonds	$ 3,800,000	$ 28,995,000
Compensated absences payable	1,000,000	2,105,336
Net pension liability	-	72,533,771
Net other post-employment obligation	-	5,277,242
Claims payable	1,017,000	4,783,000
Total	$ 5,817,000	$ 113,694,349

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.

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

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

In connection with the refunding, the Commission paid an up-front cost that resulted in an accounting loss of $3,001,256 which will be systematically recognized over the life of the refunded bonds as an adjustment to interest expense and which is recognized as deferred outflow on the entity-wide financial statements. As of December 31, 2017, $1,266,764 of the deferred outflow had been amortized to interest expense resulting in a remaining deferred amount on refunding of $1,734,493 carried on the entity-wide statement of net position. Amortization of the loss for 2017 was $233,864.

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

7. LONG-TERM LIABILITIES (continued)

Bonds outstanding were as follows at December 31, 2017:

	Date of Issue	Original Balance	Ending Balance
Series 2012 A Limited Tax Revenue Refunding Bonds 2.13%	08/02/12	$ 31,190,000	$ 24,115,000
Series 2012 B Limited Tax Revenue Bonds 2.13%	11/06/12	13,000,000	8,680,000
		$ 44,190,000	$ 32,795,000

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

Year Ending December 31,	Principal	Interest	Total
2018	3,800,000	658,064	4,458,064
2019	3,885,000	576,218	4,461,218
2020	3,970,000	492,563	4,462,563
2021	4,055,000	407,096	4,462,096
2022	4,135,000	319,873	4,454,873
2023-2025	12,950,000	417,479	13,367,479
	$ 32,795,000	$ 2,871,293	$ 35,666,293

8. INTERFUND TRANSACTIONS

Interfund receivable/payable:

	Interfund Receivable	Interfund Payable
General Fund	$ 10,023,044	$ -
Debt Service Fund	4,428,961	-
Enhancement Construction Fund	4,267,964	3,706,344
Capital Improvement Fund	-	2,693,355
Special Revenue Enhancement Fund	-	12,091,702
Internal Services Fund	37,718	266,286
Total	$ 18,757,687	$ 18,757,687

8. INTERFUND TRANSACTIONS (continued)

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

Transfers:

	Transfers Out	Transfers In
General Fund	$ -	$ 6,466,289
Debt Service Fund	-	4,441,908
Enhancement Construction Fund	-	2,217,756
Special Revenue Enhancement Fund	13,125,953	-
Total	$ 13,125,953	$ 13,125,953

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, 2017.

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 2017 was $3,893,933.

9. RISK MANAGEMENT (continued)

A reconciliation of the unpaid claims liabilities as of December 31, 2017 follows:

	Employee Benefits Fund	Risk Management Fund	Total
Unpaid claims as of January 1, 2017	$ 250,000	$ 1,500,000	$ 1,750,000
Current year claims incurred and changes in estimates	3,893,933	4,724,064	8,617,997
Claims paid	(3,843,933)	(724,064)	(4,567,997)
Unpaid claims as of December 31, 2017	$ 300,000	$ 5,500,000	$ 5,800,000

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	$ 717,000	$ 1,017,000
Long-term	-	4,783,000	4,783,000
Total	$ 300,000	$ 5,500,000	$ 5,800,000

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	$ 350,216	$ -	$ -	$ -
Spendable				
Restricted for:				
Capital Improvements	-	16,877,318	-	32,400
Debt Service	-	-	4,458,064	-
Grants	17,500	-	-	-
Committed to:				
Knock-Knock Children's Museum	-	-	-	-
Mineral Endowment	1,342,965	-	-	-
Assigned to:				
Strategic Master Plan	11,517,952	-	-	11,964,141
Self-Insurance	4,000,000	-	-	-
Retirement Benefit	5,300,000	-	-	-
Self-Insurance (Health)	4,800,000	-	-	-
Working Capital	6,000,000	-	-	-
Emergency Funds and Other	6,000,000	-	-	-
Total Constrained Fund Balance	$39,328,620	$16,877,318	$ 4,458,064	$11,996,541
Unassigned Fund Balances	17,874,609	-	-	-
Total Fund Balance	$57,659,634	$16,877,318	$ 4,458,064	$11,996,541

10. **GOVERNMENTAL FUND BALANCE** (continued)

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.

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 2017 is $17,874,609, which equals 36% 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, 2017, the Commission had entered into 83 contracts for a variety of park renovation projects as part of its "Imagine Your Parks" Program and its Capital Improvements Program. The Commission is obligated for approximately $2,662,000 for completion of those projects.

13. **PRIOR PERIOD ADJUSTMENT**

During 2017 the Commission elected to change its policy on recording state revenue sharing income. The Commission began to defer the revenue for the portion of the income received more than 60 days after year-end. As a result, the beginning fund balance was adjusted to reflect the change in policy. The change to the fund balances for the respective funds where this revenue is recorded are as follows:

	General Fund	Capital Improvements Fund
Fund balance, beginning of year, as previously stated	$58,598,648	$15,844,857
Revenue received in fiscal year 2017	(424,335)	(94,983)
Fund balance, beginning of year, as restated	$58,174,313	$15,749,874

The effect was a reduction of the prior year revenue and expense by $424,335 on the General Fund and $94,983 on the Capital Improvements Fund. The Government-Wide financial statements were not affected by this change in policy.

14. DEFICIT FUND BALANCE

A deficit fund balance exists in the Risk Management Fund of $5,195,015. This is a result of a large automobile claim incurred in fiscal year 2017. The deficit is expected to be resolved in the subsequent year through transfers from the General Fund.

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, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:				
Ad valorem taxes	$ 35,917,024	$ 35,917,024	$ 37,864,863	$ 1,947,839
Recreation activity fees	10,817,700	10,817,700	10,137,300	(680,400)
Other	247,000	247,000	668,520	421,520
Intergovernmental revenues:				
Revenue sharing	1,200,000	1,200,000	1,265,948	65,948
Restricted grants-in-aid	62,000	62,000	272,900	210,900
Total revenues	48,243,724	48,243,724	50,209,531	1,965,807
Expenditures:				
Current:				
Administrative and planning	10,722,132	10,722,132	10,246,357	475,775
Program activities	36,571,053	36,571,053	37,774,610	(1,203,557)
Capital outlay	9,937,489	9,937,489	9,169,532	767,957
Total expenditures	57,230,674	57,230,674	57,190,499	40,175
Excess (deficiency) of revenues over expenditures	(8,986,950)	(8,986,950)	(6,980,968)	2,005,982
Other financing sources (uses):				
Operating transfers out	-	-	-	-
Operating transfers in	5,946,225	5,946,225	6,466,289	520,064
Total other financing sources (uses)	5,946,225	5,946,225	6,466,289	520,064
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	(3,040,725)	(3,040,725)	(514,679)	2,526,046
Fund balances, December 31, 2016, as restated	58,598,648	58,598,648	58,174,313	(424,335)
FUND BALANCES, DECEMBER 31, 2017	$ 55,557,923	$ 55,557,923	$ 57,659,634	$ 2,101,711

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, 2017

	Special Revenue Enhancement Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:				
Taxes:				
Ad valorem	$ 12,755,249	$ 12,755,249	$ 13,446,987	$ 691,738
Earnings on investments	-	-	56,691	56,691
Total revenues	12,755,249	12,755,249	13,503,678	748,429
Expenditures:				
Current:				
Administrative	-	-	377,725	(377,725)
Total expenditures	-	-	377,725	(377,725)
Excess (deficiency) of revenues over expenditures	12,755,249	12,755,249	13,125,953	370,704
Other financing sources (uses):				
Operating transfers out	(12,755,249)	(12,755,249)	(13,125,953)	(370,704)
Total other financing sources (uses)	(12,755,249)	(12,755,249)	(13,125,953)	(370,704)
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	-	-	-
Fund balances, December 31, 2016	-	-	-	-
FUND BALANCES, DECEMBER 31, 2017	$ -	$ -	$ -	$ -

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

OTHER POST-EMPLOYMENT BENEFITS PLAN RETIREE HEALTH AND LIFE INSURANCE PROGRAMS YEAR ENDED DECEMBER 31, 2017

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ending	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2017	1/1/2016	$ -	$ 14,508,280	$ 14,508,280	0.00%	$ 17,524,913	83%
12/31/2016	1/1/2016	-	13,950,269	13,950,269	0.00%	16,587,799	84%
12/31/2015	1/1/2014	-	12,942,564	12,942,564	0.00%	16,333,151	79%
12/31/2014	1/1/2014	-	12,444,773	12,444,773	0.00%	15,012,861	83%
12/31/2013	1/1/2012	-	12,399,722	12,399,722	0.00%	15,809,449	78%
12/31/2012	1/1/2012	-	11,922,810	11,922,810	0.00%	16,453,160	72%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Costs Contributed	Increase (Decrease) to Net OPEB Obligation	Net OPEB Obligation
12/31/2017	$1,165,485	$ 449,081	38.53%	$ 716,404	$ 5,277,242
12/31/2016	1,130,270	415,816	36.79%	714,454	4,560,838
12/31/2015	1,013,435	442,906	43.70%	570,529	3,846,384
12/31/2014	982,415	410,098	41.74%	572,317	3,275,855
12/31/2013	980,840	489,399	49.90%	491,441	2,703,538
12/31/2012	950,465	453,147	47.68%	497,318	2,212,097

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 (*)

	2017	2016	2015
Employer's Proportion of the Net Pension Liability	12.2059%	11.4766%	11.4482%
Employer's Proportionate Share of the Net Pension Liability	$ 72,533,771	$ 66,194,382	$ 50,341,635
Employer's Covered Payroll	$ 16,360,826	$ 15,911,560	$ 15,134,118
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	443.3%	416.0%	332.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.09%	63.95%	70.95%

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

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

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

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

	2017	2016	2015
Contractually Required Contribution [1]	$ 5,480,952	$ 5,132,391	$ 4,859,558
Contributions in relation to Contractually Required Contribution [2]	5,480,952	5,132,391	4,859,558
Contribution Deficiency (Excess)	$ -	$ -	$ -
Employer's Covered Payroll [3]	$ 16,700,037	$ 16,360,826	$ 15,911,560
Contributions as a Percentage of Covered Payroll	32.82%	31.37%	30.54%

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 fiscal year ended December 31, 2017.*

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, 2017

Superintendent: Carolyn McKnight

Purpose		Amount
Salary	$	172,221
Benefits - life insurance		663
Benefits - medical insurance (Commission paid)		7,996
Benefits - retirement system contributions/mandatory		56,523
Car allowance		7,727
Telecommunications		2,716
Dues		1,682
Reimbursements		65
Conference travel		2,631
	$	252,224

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

GENERAL FUND COMBINING SCHEDULE BALANCE SHEET DECEMBER 31, 2017

	General Fund	Enhancement Operating Fund	Eliminations	Total
ASSETS				
Cash and cash equivalents	$ 9,885,710	$ 6,405,267	$ -	$ 16,290,977
Ad valorem taxes receivable	37,329,037	-	-	37,329,037
Due from governments and other	865,203	-	-	865,203
Inventory	350,216	-	-	350,216
Due from other funds	3,753,682	6,314,514	(45,152)	10,023,044
TOTAL ASSETS	52,183,848	12,719,781	(45,152)	64,858,477
DEFERRED OUTFLOWS	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 52,183,848	$ 12,719,781	$ (45,152)	$ 64,858,477
LIABILITIES				
Accounts payable	2,485,870	229,559	-	2,715,429
Accrued expenses payable	1,128,710	470,726	-	1,599,436
Due to other funds	-	45,152	(45,152)	-
TOTAL LIABILITIES	3,614,580	745,437	(45,152)	4,314,865
DEFERRED INFLOWS	2,883,978	-	-	2,883,978
FUND BALANCE				
Nonspendable	350,216	-	-	350,216
Spendable:				
Restricted	17,500	-	-	17,500
Committed	1,342,965	-	-	1,342,965
Assigned	26,100,000	11,974,344	-	38,074,344
Unassigned	17,874,609	-	-	17,874,609
TOTAL FUND BALANCE	45,685,290	11,974,344	-	57,659,634
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	$ 52,183,848	$ 12,719,781	$ (45,152)	$ 64,858,477

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, 2017

	General Fund	Enhancement Operating Fund	Eliminations	Total
REVENUES				
Local sources:				
Ad valorem taxes	$ 37,864,863	$ -	$ -	$ 37,864,863
Recreation activity fees	10,137,300	-	-	10,137,300
Earnings on investments	381,468	94,310	-	475,778
Donations and miscellaneous	192,742	-	-	192,742
Intergovernmental revenues:				
Revenue sharing	1,265,948	-	-	1,265,948
Restricted grants-in-aid	272,900	-	-	272,900
TOTAL REVENUES	50,115,221	94,310	-	50,209,531
EXPENDITURES				
Current:				
Administrative and planning	10,246,357	-	-	10,246,357
Maintenance department operations	11,639,370	-	-	11,639,370
Recreation program operations	13,023,721	-	-	13,023,721
Golf operations	5,813,107	-	-	5,813,107
Zoo operations	5,168,390	-	-	5,168,390
Aquatics and therapeutics	1,274,622	-	-	1,274,622
Flood relief operations	855,400	-	-	855,400
Capital outlay	3,711,380	5,458,152	-	9,169,532
TOTAL EXPENDITURES	51,732,347	5,458,152	-	57,190,499
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,617,126)	(5,363,842)	-	(6,980,968)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Transfers in	-	6,466,289	-	6,466,289
TOTAL OTHER FINANCING SOURCES (USES)	-	6,466,289	-	6,466,289
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,617,126)	1,102,447	-	(514,679)
Fund Balance, December 31, 2016, as restated	47,302,416	10,871,897	-	58,174,313
Fund Balance, December 31, 2017	$ 45,685,290	$ 11,974,344	$ -	$ 57,659,634

OTHER REPORTS REQUIRED
BY *GOVERNMENT AUDITNG STANDARDS*

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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, 2017, and the related notes to the financial statements, and have issued our report thereon dated July 2, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations that we consider to be significant deficiencies. See findings 2017-001 and 2017-002.

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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
July 2, 2018

2017-001 **Reconciliations of Cash and Accounts Payable**

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

Condition: Cash accounts as recorded on the accounting general ledger were not completely reconciled to underlying records for a significant portion of 2017. The accounts payable sub-ledger did not reconcile to the accounting general ledger as of December 31, 2017. While we acknowledge that the reconciliation for certain monthly activity in the bank accounts was occurring on an ongoing basis, the ending balance was not reconciled on a monthly basis. This is a repeat finding from the prior period.

Cause: The Commission has experienced difficulties with a new accounting system since its implementation in 2014.

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

Recommendation: The Commission should take the steps necessary to ensure that reconciliations of all general ledger cash balances and accounts payable accounts are maintained and reviewed on a monthly basis. Processes around the relatively new accounting system should be revisited.

Management's Response & Corrective Plan: (Unaudited)

BREC did reconcile all key accounts such as interfund accounts, bank accounts and payroll liability accounts through the end of 2017. Currently, key accounts such as bank accounts and interfund accounts are reconciled through May of 2018 and all accounts will be reconciled monthly to either zero or minimal differences. We have updated our processes and controls in areas such as cash handling to improve our reconciliation process and reduce the chance of fraud. BREC has continued to push training for its personnel and update procedures to bring our reconciliation process in line with current practices. We are also working with our finance software vendor to research the accounts payable difference. In addition, there is no indication of fraud or material errors in any of the accounts.

2017-002 Reconciliation of Inventory & Inventory Count Procedures

Criteria: Reconciliation of inventory as recorded on the accounting general ledger should be reconciled to the balances reported on the inventory sub-ledgers on a monthly basis. Additionally, inventory counts should be performed in accordance with the policy adopted by the Commission.

Condition: The resale inventory sub-ledger quantities at year-end used to record the balance in the general ledger did not agree to the physical counts performed. Additionally, the regularly scheduled on-going counts of resale inventory were not conducted during 2017 in accordance with the schedule provided in the policy adopted by the Commission.

Cause: The Commission has experienced difficulties with a new accounting system since its implementation in 2014.

Effect: The general ledger is the basis for producing most financial reports for the Commission. Without reconciliation of the general ledger to underlying sub-ledgers (adjusted for physical inventory counts) those financial reports may be prone to misstatement due to fraud or error. 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 reconciliations of inventory accounts are maintained and reviewed on a monthly basis. Processes around the relatively new accounting system should be revisited. Additionally, the Commission should ensure that resale inventory counts are performed in accordance with policy.

Management's Response & Corrective Plan: (Unaudited)

BREC will ensure that inventory is counted on a more frequent basis in accordance with Commission approved policy. BREC experienced problems with its point of sale (POS) system in late 2017 that affected the reporting of the year end counts and values. We continue to work with the software vendor to research and eliminate the reporting issues. There is no indication that fraud or misappropriation is the cause of the count issue.

2016-001 **Reconciliations of Cash and other General Ledger Accounts**

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

Condition: Cash, other asset accounts as well as certain liability accounts as recorded on the accounting general ledger were not completely reconciled to underlying records for a significant portion of 2016. While we acknowledge that the reconciliation for the bank accounts was occurring on an ongoing basis, certain unreconciled differences remained unaddressed. Additionally, certain other balance sheet accounts, including payroll withholding accounts and inventory, were not reconciled timely. This is a repeat finding from the prior period.

Cause: The Commission's finance department continues to experience significant turnover. Additionally, a new accounting software system was implemented in 2014 and a new payroll system was implemented in 2015 which also complicated the reconciliation process.

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

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

Management's Response & Corrective Plan: *BREC is in the process of reviewing all asset and liability accounts to prioritize and ensure that all major accounts have been reconciled. BREC is bringing in additional professional assistance in the current fiscal year to move the reconciliation project forward more quickly. The process of staff training and software familiarity continues to impede the reconciliation project, however the addition of a revenue accountant and a reconciliation clerk during FY 2016 is having a positive effect. In addition, we acknowledge the reconciliations have been delayed, however, there is no indication of fraud or material errors in any of the accounts.*

Current Status: This is a repeat finding in the current year. See item 2017.001.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

REPORT TO MANAGEMENT

DECEMBER 31, 2017

Postlethwaite & Netterville

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

REPORT TO MANAGEMENT

DECEMBER 31, 2017

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A Professional Accounting Corporation

July 2, 2018

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, 2017, 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 July 2, 2018 on the financial statements of the Commission.

A. Information Technology Systems User Access

Condition:
During the review of certain processes and controls over information technology, it was noted that there appears to be a number of active and inactive user accounts identified as having access to record journal entries and change payroll data.

Recommendation:
A review of user access accounts should be performed to ensure that only those active users whose job function requires access to record journal entries and/or modify payroll data is present.

Management's Response:
BREC is already in the process of reviewing user account access with the goal of significantly improving the segregation of access user accounts have. In addition, BREC will research the inactive user accounts to either eliminate the account or at least remove the permissions for the account. BREC has significantly improved the process of granting access permissions to users as well.

B. 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 balancing of these accounts is not being performed monthly and the amounts owed to and from are not settled.

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

Management's Response:
BREC will ensure that Interfund accounts are settled in a timely fashion.

C. 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. Three of the four 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. Also, management should ensure that all instances or likely instances of misappropriation are reported to the Legislative Auditor and District Attorney.

Management's Response
Management continues to require ethics training for all employees in accordance with state law. BREC has improved internal controls over the last year and intends to continue that process in order to minimize opportunities for loss or theft.

D. Segregation of Duties over Accounts Payable

Condition:
During review of disbursement procedures, it was noted that the Accounts Payable Clerk has the ability to set up vendors in the accounts payable system. Best practices provide that there be a segregation of duties between the person responsible for processing accounts payable and the person responsible for setting up vendors. Also, it was noted that once accounts payable checks are reviewed they are returned to the Accounts Payable Clerk for mailing. Best practice is to have someone separate from the accounts payable function mail the checks after final review and approval.

Recommendation:
Proper procedures and controls should be implemented to ensure that the Accounts Payable Clerk does not have the ability to set up vendors in the accounts payable system. Additionally, once the accounts payable checks are reviewed, they should be returned to someone other than the Accounts Payable Clerk for mailing.

Management's Response
BREC agrees with the review of segregation of duties and had begun a process to review and improve segregation of duties at the end of 2017 prior to the audit beginning.

Postlethwaite & Netterville

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. Purchase Cards

Condition:
The Commission utilizes purchase (credit) cards for small purchases by employees to allow for efficiency of operations. Approximately 200 such cards are in use throughout the park system. While BREC policy requires after the fact review and approval of all purchases by a supervisor and appropriate receipts to allow for adequate review, the existence of such a number of cards presents inherent risks of misuse.

Recommendation:
We recommend that Commission's administration staff revisit and review the number of purchase cards in use and the employees that should be allowed to use them. The administration should consider limiting possession of the cards to only those employees whose job function regularly demonstrates a need for immediate purchasing authority. Additionally, the Commission should clarify in its written policies and procedures the types of transactions are allowed or not allowed to be purchased through the use of the purchase cards, and the positions authorized to possess and review the cards.

Management's Response:
BREC staff will continue to carefully review the number of cards in use. BREC will continue to work closely with the appropriate supervisors and directors to verify that only employees who have a demonstrated need have access to a card. In addition, please note BREC's current purchasing policy as well as the pending revision to that policy both list items that are explicitly restricted from being purchased with the card program. BREC believes that the value of the P-card program is to facilitate small dollar value purchases and minimize administrative effort for low value items and that too much limitation on the card issuance goes against the intended purpose of the program. BREC has elected to operate this program with industry standard controls such as management approval of purchases and review of purchases by Finance. No fraud or abuse has been detected for multiple periods which suggests that the controls are having the desired effect. Finally, BREC intends to move away from the manual log system and towards on online reporting system as soon as a number of technical and policy questions can be answered. We anticipate this change in late 2017 or early 2018 and we believe this will add significant efficiencies to the program.

Current Status:

Resolved.

B. 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 balancing of these accounts is not being performed monthly and the amounts owed to and from are not settled.

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

Management's Response:
BREC will adopt a more stringent procedure for reconciling the accounts in a timely fashion and settling the accounts on a monthly but no less than quarterly basis.

Current Status:

Not resolved. Comment is repeated within the current year's letter.

C. Park and Center Fee and Daily Deposit Reconciliations

Condition:
For facilities other than golf, the Commission's policy calls for a daily deposit of fee collections when total receipts on hand equal $500 or more, and weekly if total receipts on hand are less than $500. The Commission's procedures also involve reconciliation of the amount deposited to the RecTrac point-of sale system to ensure completeness and accuracy. During our testing of 40 receipt transactions, we noted 4 instances where the deposits at three non-golf facilities were not made timely as per BREC policy. Additionally, an internal audit report identified an instance where a discrepancy between the deposit amount and the RecTrac System in the amount of $313 was noted. However, changes were made within RecTrec by the system administrator that may have prevented timely detection of this discrepancy.

Recommendation:
Compliance with the policy regarding deposit of daily collections should be enforced and clearly communicated. System changes to RecTrec should be approved by the Finance Director or his\her designee.

Management's Response:
BREC will continue to clearly communicate the necessity for deposits per the policy and will enforce the policy with employee disciplinary actions up to and including termination. BREC does not believe that all RecTrac changes should require Finance Director approval, but will require this level of approval for any out of the policy transactions such as the ones mentioned in this item.

Current Status:

Resolved.

D. 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. Two instances, or likely instances, of misappropriation were identified by Commission staff and reported to the Legislative Auditor.

Recommendation:
Employees are to be reminded 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
BREC agrees with reminding employees of their ethical responsibilities and requires employees to fulfill an annual ethics training as a condition of employment. BREC will also continue to review and improve internal controls in order to minimize opportunities for loss or theft.

Current Status:

Resolved

Attachment A to Management Letter

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

	Element of Comment	Misappropriation #1 (Missing Cash)	Misappropriation #2 (Missing Cash)	Misappropriation #3 (Missing Golf Carts)	Misappropriation #4 (Employee Discounts)
1	A general statement describing the fraud or misappropriation that occurred.	Cash missing from golf course change fund	Cash missing from acquatics change fund	Eleven golf carts stolen from golf course.	Employee received unauthorized discounts for facility rentals.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Cash	Cash	Golf Carts	Cash
3	The amount of funds or approximate value of assets involved.	Approximately $600	Approximately $1,300	Approximately $16,500	Approximately $2,500
4	The department or office in which the fraud or misappropriation occurred.	Dumas Golf Course	Acquatics	City Park	Recreation
5	The period of time over which the fraud or misappropriation occurred.	Aug-17	Summer 2017	Aug-17	Summer 2016
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Employee	Employee	Unknown	Recreation Manager
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	Food & Beverage Manager	Unknown	No formal charges
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	Unknown	No	Unknown	Yes
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?	N\A	N\A	Unknown	Yes
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	East Baton Rouge Parish Sheriff's Office - Case number 16-77259 and 17-53873	Baton Rouge City Police Department - Case number 17-92205	Baton Rouge City Police Department - Case number 78466-17	No
11	What is the status of the investigation at the date of the auditor's/accountant's report?	Complete - no suspect identified, but the course manager at that time repaid the cash.	Felony summons issued and defendant is awaiting her court date in August 2018.	No person has been identified as having taken the asset.	Completed
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?	N/A	Yes	N/A	No
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	N/A	Awaiting August 2018 court date	N/A	N/A
14	Has restitution been made or has an insurance claim been filed?	Yes	No	No restitution.	Partial restitution.
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	Yes	Yes	No
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	Yes	Yes	Yes	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	N\A	N\A	N\A

Attachment A to Management Letter

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

	Element of Comment	Misappropriation #1 (Missing Cash)	Misappropriation #2 (Missing Cash)	Misappropriation #3 (Missing Golf Carts)	Misappropriation #4 (Employee Discounts)
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	Cash handling procedures have been updated, and BREC Golf management is implementing more oversight with course audits.	Cash handling procedures and physical controls have been strengthened, and management has implemented random site audits.	Physical controls have been strengthened, and management is evaluating the best way to implement more monitoring controls.	BREC has updated the policy for employee discounts. The updated policy was approved by the Commission in April 2017. Training for BREC employees was conducted in the April and May timeframe to update employees on the new policy and procedure.

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, 2017

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RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

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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 Party) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. 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 (exceptions) 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
July 2, 2018

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.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

   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

      No exceptions noted.

   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, and (5) monitoring card usage.

      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) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

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

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
   a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

   No exceptions noted.

   b) Report whether the minutes referenced are including monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis). If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

   While budget-to-actual comparisons were referenced for the general fund and all major funds for months February 2017 through December 2017, for the month of January 2017, the entity did not include budget-to-actual comparisons on the general fund or major funds.

   c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

   No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

A listing of bank accounts was provided and included a total of 18 bank accounts. No exceptions were noted as a result of performing this procedure.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

   From the listing provided, we selected 6 accounts and obtained the bank reconciliations for each of the twelve months ending December 31, 2017, resulting in 72 bank reconciliations obtained and subjected to the below procedures.

   a) Bank reconciliations have been prepared;

      No exceptions noted.

   b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

      Of the 72 bank reconciliations obtained, 72 did not have a reviewer's initials or any other documentation evidencing the review by a member of management.

   c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

      No exceptions noted.

Ethics (excluding nonprofits)

22. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

    No exceptions noted.

23. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

    No exceptions noted.

Debt Service

24. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

    Not applicable.

25. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

    No exceptions noted.

26. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

    No exceptions noted.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    The Entity had four allegations during the reporting period. The Entity reported one of the instances within an appropriate timeframe. Two instances were not reported to the Legislative Auditor or the District Attorney's office until May 2018. One instance has not been reported to the Legislative Auditor or the District Attorney's office.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

    No exceptions noted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

    No exceptions noted.

Schedule B

Management Corrective Action Plan:

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

2(b) – BREC has already changed this item and complete budget to actual financial statements were issued for January 2018.

4(b) – BREC is in the process of updating our policy and will require approvals on all bank account reconciliations.

31 – BREC will prepare a report to the Legislative Auditor for the employee discount item. BREC agrees that two of the items were reported to the Legislative Auditor late and has resolved the communication problem that led to the delay. BREC does not expect that issue to delay future reports that may need to be sent.

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, 2017

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RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2017

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

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

I have performed the portion of 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) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

I was 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, I do not express such an opinion or conclusion. Had I 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. Andrée Roberts

Baton Rouge, Louisiana
July 2, 2018

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2017

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.

Written Policies and Procedures

1. Not performed by BREC Internal Process Review.

Board (or Finance Committee, if applicable)

2. Not performed by BREC Internal Process Review.

Bank Reconciliations

3. Not performed by BREC Internal Process Review.
4. Not performed by BREC Internal Process Review.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

   A listing of cash collection locations was provided and included a total of 89 cash collection locations. No exceptions were noted as a result of performing this procedure.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

   We selected 30 locations (the zoo represented three individual collection locations – ticket window, concessions, and souvenirs) and performed the procedures noted below.

   a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

      1 – no exception noted;
      2 – Four employees who conducted sampled transactions (ie. recorded the transactions into the point of sale system) had also deposited the cash in the bank. However, a system sales report (ie. a cash journal report) is required to be turned in to the Finance department along with

corresponding bank deposit tickets. Finance validates that the cash journal reports match with the deposit prior to posting the transaction to the ledger;
3 – no exception noted

b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

No exception noted.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

Using the collection data, we determined that the highest cash collection week during the 2017 calendar was the week ending on April 30, 2017. Transactions from that week were tested using the procedures noted below.

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

  For all tested transactions, the deposits were made. For total of 1,395 out of 4,487 reviewed transactions, deposits were made more than two business days after receipt, with the longest period being nine (9) days for one transaction.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

  No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, etc.) by a person who is not responsible for collections.

   No exceptions noted.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

   A list of all entity disbursements was provided from the general ledger and confirmed by management.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

   We randomly selected 25 disbursements, excluding those related to purchase cards and travel reimbursements, and performed the procedures below.

   a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

      Of the twenty-five (25) disbursements tested, there were two for which a purchase order was not prepared because the agency does not issue purchase orders for the types of services for which the disbursements were paying. These services included telephone (a utility bill) and insurance (payment of the premium).

   b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

      Of the twenty-three (23) disbursements for which a purchase order was prepared, there were no exceptions noted.

   c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

      As noted above, two (2) of the sampled disbursements did not have related purchase orders since the agency does not prepare purchase orders for utility bills nor for insurance premiums.

      There were also no receiving reports because the agency uses invoice approvals as representation that the related goods/services were received.

      For one (1) disbursement, there was no invoice on file because the agency simply paid the vendor in accordance with verified contract terms. Additionally, there were two (2) invoices that did not contain documented approvals to indicate that the goods or services had been received.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

    Four employees were responsible for processing payments, and one (1) of those employees also had the ability to add vendors to the agency's purchasing system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

    Five (5) employees had system access to make final payment authorizations, and all of them had access to initiate purchase orders but not to approve them. Two (2) of those five (5) employees, including the Assistant Director of Finance and the Accounting Manager, had permissions that would allow them to process payments and to record the payments to the general ledger.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

    No exceptions noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

    Management was asked if the checks are maintained under the control of a person different from the person actually printing the checks once they are printed. Currently, there is no process in place to ensure that the printed checks are reviewed and kept under the control of a person different from the person printing the checks until the point when they are mailed. The current process involves senior accounts payable person, who prints the checks, also physically mailing the checks.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

    A listing of cards was provided.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and perform the procedures below.

    We selected 10 cards (8 Bank of America purchase cards, one Sam's Club purchase card and 1 fuel card) and performed the procedures noted below.

    a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

    Two (2) out of 229 transactions, across the 10 selected cards, were not approved by someone other than the authorized card holder because the cardholder did not write them onto their purchase logs.

    b) Report whether finance charges and/or late fees were assessed on the selected statements.

       No exceptions noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

    a) For each transaction, report whether the transaction is supported by:

       - An original itemized receipt (i.e., identifies precisely what was purchased)

For the two (2) out of 229 transactions not placed on the cardholders' purchase logs, there was no supporting receipt. One of the purchases was made by the agency's fleet manager for a $30 vehicle part and the other purchase for $525 was made by a zoo employee from the Association of Zoos and Aquariums.

       - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

         Business purpose was not explicitly documented for 66 transactions because the entity's purchase card log did not contain a field requesting that information. However, the logs did contain information about what was purchased, and the agency's purchase card policy requires that all purchases are for a business purpose. For most of the tested transactions, the employees proactively chose to include a brief summary about business purpose on the logs.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

  The policy required the transactions to be on the log and for the original receipts to be submitted. For the two (2) transactions not contained on logs, the original receipts were also not submitted to the Finance department.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Although the entity did not document business purpose, the actual purchases were reviewed in relation to the referenced Article/Section and no exceptions were noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We obtained a listing of all travel related expense reimbursement transactions. No exceptions were noted as a result of performing this procedure.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

No exceptions were noted.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

    a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

       No exceptions noted.

    b) Report whether each expense is supported by:
       - An original itemized receipt that identifies precisely what was purchased.
       - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
       - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

       No exceptions noted.

    c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

       No exceptions noted.

    d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

       No exceptions noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

    The same universe used for the above disbursements testing was used. No exceptions were noted as a result of performing this procedure.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

    a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

       The disbursements universe was totaled by vendor and sorted. No exceptions noted.

    b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code (bid law) and:

       - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

         Of the five (5) contracts selected, all were subject to the bid law. No exceptions were noted.

       - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

         All five (5) were subject to public bid law.

    c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

       All five (5) contracts were amended. No exceptions noted.

    d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

       No exceptions noted.

e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No exceptions noted.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

A listing of employees was provided and five (5) were randomly sampled. No exceptions noted.

a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

One (1) pay period and twenty-five (25) employees were randomly selected. No exceptions noted.

a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions noted.

b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions noted.

c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

    No exceptions noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

    No exceptions noted.

Ethics (excluding nonprofits)

26. Not performed by BREC Internal Process Review.

27. Not performed by BREC Internal Process Review.

Debt Service

28. Not performed by BREC Internal Process Review.

29. Not performed by BREC Internal Process Review.

30. Not performed by BREC Internal Process Review.

Other

31. Not performed by BREC Internal Process Review.

32. Not performed by BREC Internal Process Review.

33. Not performed by BREC Internal Process Review.

Schedule B

Management corrective action plan

6(c) – BREC will continue to communicate the importance and necessity of timely deposits per the policy and will enforce the policy with employee disciplinary actions up to and including termination. BREC is also reviewing the policy to potentially allow some of the smaller, low value locations to make deposits less often than daily. This policy change is currently being researched and discussed internally.

9(a) – BREC agrees that 2 items did not have purchase orders due to BREC policy. BREC believes this is in line with current standards on invoice processing.

10. BREC began a process of reviewing system access and segregation in late 2017 and this employee is in review for payables access changes.

11. BREC began a process of reviewing system access and segregation in late 2017 and the employees mentioned are in review for payables access changes.

13. BREC is reviewing its procedure to change the way printed checks are stored and mailed.

15. BREC will review its purchasing card reporting and reiterate the importance of proper receipts and approvals to all current cardholders. BREC will also update its training to increase the level of importance given to proper reporting. In addition, BREC will enforce the policy with disciplinary actions up to loss of the purchasing card and up to termination if reports are not properly completed and approved.

16. BREC will update its reporting documentation to reflect specific business purpose. BREC would like to note that non-business purchases are explicitly disallowed under our purchasing card policy so all card purchases are required to be for a business purpose.