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Recreation and Park Commission
for the Parish of East Baton Rouge
Baton Rouge, Louisiana
December 31, 2010

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

J.CHARLES PARKER, C.P.A.
LOUIS C. McKNIGHT, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD., SUITE 200
BATON ROUGE, LOUISIANA 70809
(225) 923-3000 • FAX (225) 923-3008

June 30, 2011

Independent Auditor's Report

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

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

**Recreation and Park Commission for
the Parish of East Baton Rouge**

as of and for the year ended December 31, 2010, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the Recreation and Park Commission for the Parish of East Baton Rouge, as of December 31, 2010, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Special Revenue Enhancement Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2011, on our consideration of the Recreation and Park Commission for the Parish of East Baton Rouge's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the 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.

Yours truly,

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

Recreation and Park Commission for the Parish of East Baton Rouge
Management's Discussion and Analysis
December 31, 2010

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 of the Recreation and Park Commission exceeded its liabilities on December 31, 2010 by $143,988,530 (net assets). Of this amount, $29,805,282 (unrestricted net assets) may be used to meet ongoing obligations to our creditors.

As of December 31, 2010, the primary governmental funds reported combined ending fund balances of $50,762,591, a decrease of $6,581,522 in comparison with the prior year. Approximately 44% of this total amount, $22,443,086 is available for spending at BREC's discretion (unrestricted fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

Government-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

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

Infrastructure Assets

General capital assets include land, improvements to land, easements, buildings, vehicles, machinery and equipment, exotic and domestic live animals, infrastructure, and all other tangible assets that are used in operations that have initial useful lives greater than two years and exceed the government's capitalization threshold (See Footnote #4: Changes in Capital Assets). Donated infrastructure assets are capitalized and are included in capital asset balances at market value at the date of acquisition. Prior to the implementation of the new reporting model, no depreciation was charged on general capital assets. Accumulated depreciation was recorded for the first time based on the date of acquisition and the life span of the assets in the 2002 financial statements.

Notes to the Financial Statements

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

Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Assets for 2010, 2009 and 2008.

Recreation and Park Commission for the Parish of East Baton Rouge
Condensed Statement of Net Assets
December 31, 2010, 2009 and 2008

	2010	2009	2008
Assets			
Current and Other Assets	$64,603,999	$72,302,026	$77,087,720
Restricted Assets	1,645,308	3,146,500	11,570,256
Capital Assets	137,400,720	122,290,618	99,654,856
Total assets	203,650,027	197,739,144	188,312,832
Liabilities			
Current Liabilities	18,304,558	20,828,464	18,115,508
Long-Term Liabilities	41,356,939	42,983,207	45,291,605
Total Liabilities	59,661,497	63,811,671	63,407,113
Net Assets			
Invested in Capital Assets, net of related debt	100,405,720	77,290,618	57,654,475
Restricted	13,777,528	21,748,747	39,855,933
Unrestricted	29,805,282	34,888,108	27,395,311
Total Net Assets	143,988,530	133,927,473	124,905,719

Approximately 70% of the Commission's net assets as of December 31, 2010 reflects investment in capital assets less any outstanding debt used to acquire those assets (land, buildings, infrastructure, animals, machinery and equipment). BREC uses these assets to provide services to the public, consequently these assets are not available for future spending. Although the Commission's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another 10% of the Commission's net assets are subject to external restrictions. Included are reserves of the General Fund and the entire Fund Balance of the Capital Improvement Fund. The remaining 21% of net assets, unrestricted assets, may be used to meet ongoing obligations of the Commission to citizens and creditors.

Government-Wide Financial Analysis (Continued)

The following table provides a summary of the changes in net assets for the year ended December 31, 2010 with comparative figures for 2009 and 2008:

Recreation and Park Commission for the Parish of East Baton Rouge
Condensed Statement of Changes in Net Assets
Years Ended December 31, 2010, 2009 and 2008

	2010	2009	2008
Revenues			
Program Revenues			
Charges for Services	$8,783,915	$8,438,707	$7,881,780
Grants	165,562	1,124,741	20,066
General Revenues			
Ad Valorem Tax	47,450,552	46,726,471	45,074,749
State Revenue Sharing	1,559,593	1,568,750	1,589,553
Other General Revenues	1,455,431	1,024,010	2,289,629
Total Revenues	59,415,053	58,882,679	56,855,777
Expenses			
Administrative and Planning	15,349,685	15,003,606	13,151,917
Maintenance Department Operations	9,639,287	11,042,016	9,363,937
Recreation Program Operations	13,165,440	13,449,287	13,193,864
Golf Operations	5,440,484	5,881,684	5,855,868
Community Outreach Programs	379,423	416,036	449,418
Zoo Operations	4,193,899	4,029,490	3,800,604
Interest on long-term debt	1,748,219	1,805,120	1,858,856
Total Expenses	49,916,437	51,627,239	47,674,464
Increase in Net Assets	9,498,616	7,255,440	9,181,313
Net Assets, beginning of year, as previously reported	133,927,473	124,905,719	115,724,406
Prior period adjustment	562,441	1,766,314	
Net Assets, as restated	134,489,914	126,672,033	115,724,406
Net Assets, end of year	143,988,530	133,927,473	124,905,719

Financial Analysis of the Commission's Funds

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

Financial Analysis of the Commission's Funds (Continued)

Governmental Funds:

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

The general fund is the chief operating fund of the Commission. At the end of the current fiscal year, unreserved-unrestricted fund balance of the general fund was $8,995,507 while total fund balance reached $23,473,230. Compared with total fund balance of $22,805,942 at the end of 2009, fund balance grew $667,288 during 2010. A key factor contributing to this growth was an additional $457,692 in ad valorem tax revenues.

Fund balance in the Capital Projects Fund increased $3,547,794 in 2010. The increase in the Capital Projects Fund's balance is due primarily to an increased emphasis on the "Imagine Your Parks" projects and a reduced emphasis on Capital Projects Fund projects. The Capital Projects Fund operates on a pay-as-you-go basis, and surplus cash balances remain available for those projects for construction at a later date.

General Fund Budgetary Highlights

The Louisiana Local Government Budget Act requires that the Commission adopt budget amendments whenever revenue collections fail to meet projections by more than 5%; or when actual projected expenditures exceed budgeted expenditures by more than 5%; or when actual beginning fund balance fails to meet estimated beginning fund balance by more than 5% if fund balance is being used to fund current year expenditures. The budget amendments described in the next paragraph were made in 2010 at BREC's discretion for management's purposes, and were not required budget adjustments as defined by the Local Government Budget Act.

The original General Fund revenue budget was $42,254,000. It was amended to $41,794,000 in May 2010. Therapeutic Revenue was decreased by $460,000. In August 2010, an additional budget amendment was approved reducing the General Fund revenue budget by $747,000, which brought the total revenue budget to $41,047,000. Ad Valorem tax revenues were decreased by $150,000, and self-generated revenues were decreased $597,000. Actual General Fund revenues were $40,367,531 for an unfavorable variance of $679,469 or 1.7%. Ad Valorem Tax revenues were $398,672 below budget and self-generated revenues were $313,085 below budget. An increase in the golf fees did not generate the anticipated increase in revenue originally projected. Golf revenues were $551,644 below the 2010 final budget.

The General Fund expenditure budget was $44,563,000. Therapeutic expenditures were decreased to accompany the decrease in revenues. The anticipated opening of the Independence Aquatics Facility was delayed therefore resulting in the decreases made to both revenue and expenditures in 2010. Overall adjustments were made to various departmental budgets in August to plan for the anticipated decrease in both ad valorem tax and self-generated revenues for a final expenditure budget of $42,512,000 for 2010. Actual general fund expenditures were $42,200,243 for the year ended December 31, 2010, which resulted in a $667,288 increase to fund balance and a 1.5% or $367,712 unfavorable budget variance.

Capital Asset and Debt Administration

Capital Assets

BREC's investment in capital assets for its governmental type activities as of December 31, 2010 amounts to $137,400,720 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, construction in progress, and moveable property consisting of furniture, machinery and equipment and live animals. Net accumulated depreciation represents approximately 38% of the original book value of all capital assets, and approximately 48% of depreciable capital assets. Capital Asset additions in 2010 were $21,153,421, or approximately 10% of the book value of all depreciable assets.

Recreation and Park Commission for the Parish of East Baton Rouge
Capital Assets (Net of Depreciation)
December 31, 2010, 2009 and 2008

	2010	2009	2008
Land	$28,236,714	$28,243,729	$25,600,220
Construction in Progress	21,367,978	25,405,962	7,034,569
Moveable Property and Equipment	3,723,566	4,024,880	3,697,003
Immoveable Property	84,072,462	64,616,047	63,323,064
Total	137,400,720	122,290,618	99,654,856

Capital Project Funds

The Commission operates two funds for capital improvement projects. The first is the *Capital Projects Fund,* which is funded by the proceeds of a property tax of 2.05 mills. This fund operates on a pay-as-you-go basis. Total expenditures in 2010 of the Capital Projects Fund were $4,076,901. The second fund is the *Capital Projects Enhancement Fund,* which is funded by a twenty year, $45,000,000 construction bond, Series 2005. Total expenditures in 2010 of the Capital Projects Enhancement Fund were $15,827,584. The combined total expenditures of the two funds in 2010 was $19,904,485.

Major capital projects during the 2010 fiscal year included the following construction and renovation projects:

Independence Park: BREC anticipates completion of the Liberty Lagoon aquatics facility, an addition to the Independence Park amenities, in time for the summer of 2011. BREC expended $4.3 million for the aquatic facility, Iris Gardens, Theater and parking facilities in 2010.

Greenwood Park: A total of $3.8 million was spent in 2010 for additions and improvements to existing facilities at Greenwood park. The new park is scheduled to be opened in the fall of 2011. Improvements and additions include, but are not limited to, a new recreation and golf building, spray pad, lake, playground, pavilion, renovations to the golf course, disk golf course and tennis courts. Improvements are also being made to the roads and parking facilities.

Capital Asset and Debt Administration (Continued)

Capital Project Funds (Continued)

Forest Park: BREC expended an additional $2.2 million in 2010 to complete Forest Park to "community park" status. The total project cost $6.3 million and included a dog park, tennis court additions, lighted walking trails, a spray pad, playground, pond and improvements to roads and parking facilities.

Perkins Road "Extreme" Park: BREC expended an additional $1.5 million to complete the Perkins Road Park to "community park" status in 2010 for a total project cost of $6.4 million. The park opened to the public in 2010 and included the addition of new playground equipment, climbing tower and the skate park. Improvements were made to the ball fields, BMX track and parking facilities.

Neighborhood Park Improvements: $1.4 million was expended in 2010 for improvements and additions to various neighborhood parks throughout East Baton Rouge Parish. Improvements and addition were made to the grounds, equipment, buildings and parking facilities.

Highland Road Park: $1.2 million was expended for the "community park" improvements at Highland Road Park in 2010. Additional land was purchased, and five new tennis courts were completed.

Zachary Community Park: $1.2 million was expended in 2010 for phase one of the Zachary Community Park. Phase one included the site work, skate park, play area, pond, pier, walking trail and dog park. Zachary Community Park is scheduled to be completed in 2011.

Long-Term Debt

At the end of the calendar year 2010, the Commission had total bonded debt outstanding of $36,995,000. This bond issue is secured by 3.253 mills of ad valorem taxes and has a term of 20 years.

Requests for Information

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

Recreation and Park Commission for the Parish of East Baton Rouge
Statement of Net Assets
December 31, 2010

	Primary Government Governmental Activities
Assets	
Cash and cash equivalents	$12,640,736
Accounts receivable	1,341,138
Ad valorem taxes receivable, net	47,326,625
Investments securities	2,274,465
Inventory	610,251
Deferred bond issuance costs	410,784
Restricted cash and cash equivalents	1,645,308
Capital Assets - non depreciable	49,604,692
Capital Assets - depreciable, net	87,796,028
Total assets	203,650,027
Liabilities	
Accounts payable	4,240,780
Accrued expenses payable	782,268
Note payable	8,000,000
Amounts held for others	999,956
Claims payable	1,198,134
Deferred revenues	142,929
Noncurrent liabilities:	
Due within one year	2,940,491
Due in more than one year	41,356,939
Total liabilities	59,661,497
Net Assets	
Invested in capital assets, net of related debt	100,405,720
Restricted	
Capital projects	12,232,220
Debt service	1,545,308
Unrestricted	29,805,282
Total net assets	143,988,530

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

Recreation and Park Commission for the Parish of East Baton Rouge
Statement of Activities
Year Ended December 31, 2010

Function/Program	Expenses	Charges for Service	Total Governmental Activities
Primary Government			
Governmental activities			
Administrative and planning	$15,349,685		($15,349,685)
Maintenance department operations	9,639,287		(9,639,287)
Recreation program operations	13,165,440	$3,069,019	(10,096,421)
Golf operations	5,440,484	3,617,356	(1,823,128)
Zoo operations	4,193,899	2,097,540	(2,096,359)
Community outreach	379,423		(379,423)
Interest on long-term debt	1,748,219		(1,748,219)
Total governmental activities	49,916,437	8,783,915	(41,132,522)
General Revenue			
Property taxes			47,450,552
State revenue sharing			1,559,593
Earnings on investments			417,129
Donations and miscellaneous			987,811
Bond premium amortization			50,491
Grants			165,562
Total general revenue			50,631,138
Change in Net Assets			9,498,616
Net Assets,			
Beginning of year, as previously reported			133,927,473
Prior period adjustment			562,441
Beginning of year, as restated			134,489,914
Net Assets, End of Year			143,988,530

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

Recreation and Park Commission for the Parish of East Baton Rouge
Balance Sheet
Governmental Funds
December 31, 2010

	General Fund	Special Revenue Enhancement Fund	Debt Service Fund	Capital Projects Fund	Capital Projects Enhancement	Total
Assets						
Cash and cash equivalents	$3,244,164	$3,598,971		$4,494,238	$1,303,363	$12,640,736
Accounts receivable	1,105,324			235,814		1,341,138
Ad valorem taxes receivable	29,973,949	10,644,626		6,708,050		47,326,625
Investments securities				2,274,465		2,274,465
Inventory	522,760			87,491		610,251
Due from other funds				16,000,305		16,000,305
Restricted cash and cash equivalents	100,000		$1,545,308			1,645,308
Total assets	34,946,197	14,243,597	1,545,308	29,800,363	1,303,363	81,838,828
Liabilities						
Accounts payable	1,610,420	311,879		617,297	1,701,184	4,240,780
Accrued expenses payable	494,133					494,133
Note payable	8,000,000					8,000,000
Amounts held for others	27,351			55,834	916,771	999,956
Claims payable	1,198,134					1,198,134
Deferred revenues	142,929					142,929
Due to other funds					16,000,305	16,000,305
Total liabilities	11,472,967	311,879		673,131	18,618,260	31,076,237
Fund Balance						
Reserved						
Encumbrances	1,065,998	484,139		1,426,575	3,413,400	6,390,112
Inventory	522,760			87,491		610,251
Debt service - principal			1,257,173			1,257,173
Debt service - interest			288,135			288,135
Construction				17,863,166	(20,728,297)	(2,865,131)
Unreserved						
Designated	12,888,965			9,750,000		22,638,965
Unrestricted	8,995,507	13,447,579				22,443,086
Total fund balance	23,473,230	13,931,718	1,545,308	29,127,232	(17,314,897)	50,762,591
Total liabilities and fund equity	34,946,197	14,243,597	1,545,308	29,800,363	1,303,363	81,838,828

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

Recreation and Park Commission for the Parish of East Baton Rouge
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
December 31, 2010

Fund Balances - Total Governmental Funds		$50,762,591
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported reported in the governmental funds		
Governmental capital assets	$219,693,300	
Less accumulated depreciation	82,292,580	137,400,720
Assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds		
Deferred bond issuance costs	410,784	410,784
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Claims payable	(372,467)	
Compensated absences payable	(4,716,392)	
Bonds payable	(36,995,000)	
Bond premium	(727,911)	
Accrued expenses payable	(288,135)	
Net other post-employment benefit obligation	(1,485,660)	(44,585,565)
Net Assets of Governmental Activities		143,988,530

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

Recreation and Park Commission for the Parish of East Baton Rouge
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2010

	General Fund	Special Revenue Enhancement Fund	Debt Service Fund	Capital Projects Fund	Capital Projects Enhancement	Total
Revenue						
Local sources						
Ad valorem taxes	$30,051,328	$10,671,635		$6,727,589		$47,450,552
Recreation activity fees	8,783,915					8,783,915
Earnings on investments	152,437	41,075	$1,490	219,168	$2,959	417,129
Donations and miscellaneous	115,099			280,804	591,908	987,811
State sources						
Revenue sharing	1,264,752			294,841		1,559,593
Restricted grants-in-aid				102,293	63,269	165,562
Total revenue	40,367,531	10,712,710	1,490	7,624,695	658,136	59,364,562
Expenditures						
Current						
Administrative and planning	14,014,851	358,434				14,373,285
Maintenance department operations	8,983,770					8,983,770
Recreation program operations	9,422,041					9,422,041
Golf operations	4,272,623					4,272,623
Zoo operations	3,881,526					3,881,526
Community outreach	376,496					376,496
Debt service			3,482,922			3,482,922
Capital outlay	1,248,936			4,076,901	15,827,584	21,153,421
Total expenditures	42,200,243	358,434	3,482,922	4,076,901	15,827,584	65,946,084
Excess (deficiency) of revenues over expenditures	(1,832,712)	10,354,276	(3,481,432)	3,547,794	(15,169,448)	(6,581,522)
Other Financing Sources (Uses)						
Operating transfers in	2,500,000		3,509,885		6,712,250	12,722,135
Operating transfers out		(9,211,982)			(3,510,153)	(12,722,135)
	2,500,000	(9,211,982)	3,509,885		3,202,097	
Net Change is Fund Balances	667,288	1,142,294	28,453	3,547,794	(11,967,351)	(6,581,522)
Fund Balance, Beginning of Year	22,805,942	12,789,424	1,516,855	25,579,438	(5,347,546)	57,344,113
Fund Balance, End of Year	23,473,230	13,931,718	1,545,308	29,127,232	(17,314,897)	50,762,591

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

Recreation and Park Commission for the Parish of East Baton Rouge
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2010

Net Changes in Fund Balances - Total Governmental Funds		($6,581,522)
Amounts reported for governmental activities in the statement of net assets are different because:		
Governmental funds report capital outlay as expenditures. However, on the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	$21,153,421	
Depreciation expense	(6,539,735)	
Loss on disposal of fixed assets	(66,025)	14,547,661
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Compensated absences	46,242	
Claims payable	(63,667)	
Net other post employment benefit obligation	(206,798)	(224,223)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.		
Principal payments on debt	1,725,000	
Amortization of bond issuance costs	(28,494)	
Amortization of bond premium	50,491	
Accrued interest payable	9,703	1,756,700
Change in Net Assets of Governmental Activities		9,498,616

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

Recreation and Park Commission for the Parish of East Baton Rouge
General Fund
Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	Favorable (Unfavorable)
Revenue				
Local sources				
Ad valorem taxes	$30,600,000	$30,450,000	$30,051,328	($398,672)
Recreation activity fees	10,154,000	9,097,000	8,783,915	(313,085)
Earnings on investments	115,000	115,000	152,437	37,437
Donations and miscellaneous	105,000	105,000	115,099	10,099
State sources				
Revenue sharing	1,280,000	1,280,000	1,264,752	(15,248)
Total revenue	42,254,000	41,047,000	40,367,531	(679,469)
Expenditures				
Current				
Administrative expenditures	14,976,000	14,194,000	14,117,424	76,576
Recreation program expenditures	19,403,000	18,758,000	18,796,225	(38,225)
Maintenance department expenditures	10,184,000	9,560,000	9,286,594	273,406
Total expenditures	44,563,000	42,512,000	42,200,243	311,757
Excess of revenue over expenditures	(2,309,000)	(1,465,000)	(1,832,712)	(367,712)
Other Financing Sources (Uses)				
Operating transfer in	2,500,000	2,500,000	2,500,000	
Total financing sources (uses)	2,500,000	2,500,000	2,500,000	
Net Change in Fund Balances	191,000	1,035,000	667,288	(367,712)
Fund Balance, Beginning of Year	22,805,942	22,805,942	22,805,942	
Fund Balance, End of Year	22,996,942	23,840,942	23,473,230	(367,712)

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

Recreation and Park Commission for the Parish of East Baton Rouge
Special Revenue Enhancement Fund
Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Year Ended December 31, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final		
Revenue				
Local sources				
Ad valorem taxes	$10,870,000	$10,870,000	$10,671,635	($198,365)
Earnings on investments	100,000	100,000	41,075	(58,925)
Total revenue	10,970,000	10,970,000	10,712,710	(257,290)
Expenditures				
Current				
Administrative expenditures	330,000	330,000	358,434	(28,434)
Total expenditures	330,000	330,000	358,434	(28,434)
Excess of Revenue over Expenditures	10,640,000	10,640,000	10,354,276	(285,724)
Other Financing Sources (Uses)				
Operating transfer out	(9,357,000)	(9,357,000)	(9,211,982)	145,018
Total financing sources (uses)	(9,357,000)	(9,357,000)	(9,211,982)	145,018
Net Change in Fund Balances	1,283,000	1,283,000	1,142,294	(140,706)
Fund Balance, Beginning of Year	12,789,424	12,789,424	12,789,424	
Fund Balance, End of Year	14,072,424	14,072,424	13,931,718	(140,706)

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

Note 1 - Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

B. Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

C. Basis of Accounting and Measurement Focus

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS

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

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting and Measurement Focus (Continued)

FUND FINANCIAL STATEMENTS (Continued)

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

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

D. Budget Practices

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

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

ENCUMBRANCES

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

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, and Fund Equity

CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

INVENTORIES

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

RESTRICTED ASSETS

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

INTERFUND RECEIVABLES AND PAYABLES

During the course of normal operations, the Commission has numerous transactions between funds including expenditures and transfers of resources to construct assets and service debt. In 2010, there were extraordinary cash transfers from the Special Revenue Enhancement Fund to the Capital Project Fund and Capital Project Enhancement Fund to provide additional funding for construction projects.

ACCOUNTS RECEIVABLE

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

CAPITAL ASSETS

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

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

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

	Years
Immovable	20
Movable	5-20

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

LONG-TERM OBLIGATIONS

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

COMPENSATED ABSENCES

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

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

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

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

RESERVES AND DESIGNATIONS OF FUND EQUITY

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

NET ASSETS

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

ACCOUNTING ESTIMATES

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

Note 2 - Cash, Cash Equivalents and Investments

A. Deposits

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

Deposits (including demand deposit accounts and certificates of deposits) at December 31, 2010, for the Commission are summarized as follows:

	Carrying Amount	Bank Balance
Cash and cash equivalents	$12,640,736	$13,181,342
Restricted cash and cash equivalents	1,645,308	1,645,308
	14,286,044	14,826,650

The Commission's bank balance of deposits at December 31, 2010, is not exposed to any custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. The Commission has a written policy for custodial credit risk.

B. Cash and Cash Equivalents Summary

The cash and cash equivalents on hand at December 31, 2010 are as follows:

	Governmental Activities
Petty cash	$27,670
Interest-bearing demand deposits	12,407,060
Money markets	1,751,314
Time deposits	100,000
Total cash and cash equivalents	14,286,044

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

B. Cash and Cash Equivalents Summary (Continued)

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

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

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

The Commission's investments at December 31, 2010 are itemized as follows:

Investment Type	Carrying Amount	Amortized Cost/ Fair Value
Equities	$2,247,465	$2,274,465
Total investments	2,247,465	2,274,465

C. Investment Securities

Marketable equity securities at December 31, 2010 consist of 48,431 shares of publicly traded common and preferred stock among a diverse cross section of corporations. The stock was originally acquired by donation in 1989. Additional shares have been acquired due to splits and stock dividends. The stock is in the custody of a brokerage firm that is a member of the Securities Investor Protection Corporation. Fair values are based upon quoted prices of the New York Stock Exchange as of the close of business on December 31, 2010.

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

C. Investment Securities (Continued)

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

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

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

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

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

The Commission has no investments in any single organization that represent five percent or more of the Commission's net plan assets, nor does the Commission hold more than five percent of any corporation's stock at December 31, 2010.

Note 3 - Property Taxes

The 1974 Louisiana Constitution (Article 7, Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation 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 current year was a re-assessment year, and BREC opted to roll the millage forward in 2010 according to those provisions allowed by law.

Note 3 - Property Taxes (Continued)

The 2010 property tax calendar is as follows:

Levy date	June 25, 2010
Millage rates adopted	June 25, 2010
Tax bills mailed	November 23 and 24, 2010
Due date	December 31, 2010
Lien date	June 1, 2011

State Law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. If taxes are not paid by the due date, taxes bear interest at the rate of one and one-fourth percent per month until the taxes are paid (LRS 47:2101). After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed (LRS 47:2181). Therefore, there are no delinquent taxes at year-end.

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

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

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

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

	Property Taxes Receivable	Estimated Uncollectible Property Taxes	Net Property Taxes Receivable
General Fund	$30,579,624	$605,675	$29,973,949
Capital Improvements Funds	6,843,600	135,550	6,708,050
Special Revenue Enhancement	10,859,720	215,094	10,644,626
Total	48,282,944	956,319	47,326,625

Recreation and Park Commission for the Parish of East Baton Rouge
Notes to Financial Statements
December 31, 2010

Note 4 - Changes in Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance at January 1, 2010	Additions	Adjustments and (Deletions)	Balance at December 31, 2010
Governmental Activities				
Capital assets not depreciated				
Land	$28,243,729		($7,015)	$28,236,714
Construction in progress	25,405,962	$12,283,111	(16,321,095)	21,367,978
Total capital assets not depreciated	53,649,691	12,283,111	(16,328,110)	49,604,692
Capital assets being depreciated				
Immoveable property	129,112,742	7,621,373	16,883,536	153,617,651
Moveable property and equipment	15,915,074	1,248,937	(693,054)	16,470,957
Total capital assets depreciated	145,027,816	8,870,310	16,190,482	170,088,608
Less accumulated depreciation for				
Immoveable property	64,496,695	5,048,494		69,545,189
Moveable property and equipment	11,890,194	1,491,241	(634,044)	12,747,391
Total accumulated depreciation	76,386,889	6,539,735	(634,044)	82,292,580
Total Capital Assets Being Depreciated, Net	68,640,927	2,330,575	16,824,526	87,796,028
Total Capital Assets, Net	122,290,618	14,613,686	496,416	137,400,720

Depreciation expense for 2010 is charged to the following functions in the statement of activities:

Administrative and planning	$758,253
Maintenance department operations	693,803
Recreation, program operations	3,664,148
Golf	1,116,042
Zoo	307,489
	6,539,735

Construction Commitment

The Commission entered into contracts in 2010 for a variety of park renovation projects as part of its "Imagine Your Parks" program. There were eight major contracts being worked at December 31, 2010 with approximately $3,500,000 remaining.

Note 5 - Defined Benefit Plans

A. Plan Description

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

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

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

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

The financial reports may be obtained from the

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

B. Funding Policy

Plan members are required to contribute 9.5% of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The current rate is 24.93% of annual covered payroll. The preceding rate is for the plan with the rate being applicable to the Employee's Retirement System of the City of Baton Rouge. The Commissions' contributions to the plans for the past three years were as follows:

Year	Contribution Rates		Employee Amount Contributed	Employer Amount Contributed
	Employee	Employer		
2010	9.50%	24.93%	$1,115,412	$2,927,107
2009	9.50%	21.44%	$966,988	$2,182,296
2008	9.50%	21.77%	$829,507	$1,900,841

Note 5 - Defined Benefit Plans (Continued)

OPTIONAL RETIREMENT PLAN

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

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

Total contributions by the Commission are 4% of the covered payroll. The participant's contribution (4%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Benefits payable to participants are not the obligations of the Commission. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the optional retirement plan were each $104,805 for the year ended December 31, 2010.

Note 6 - Other Post Employment Benefits (OPEB)

A. Plan Description

BREC's medical and life insurance benefits are provided through self-insured programs.

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, we have assumed that D.R.O.P. entry would occur at the earliest of the following: 25 years of service; age 55 and 20 years of service; age 60 and 10 years of service.

Life insurance coverage under the program is provided to retirees in a flat amount of $10,000 (some current retirees have lower amounts because of past plan provisions). The employer pays 100% of the cost of the retiree life insurance in this uninsured plan. We have used the 94GAR mortality table described above to calculate the cost of this self-insured program. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

B. 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.

Note 6 - Other Post Employment Benefits (OPEB) (Continued)

C. Funding Policy

The contribution requirements of the employees/retirees and the Commission are established in the annual operating budget and may be amended in subsequent years. During 2010, the health plan was funded with employees and retirees contributing 49% of the health premium and the Commission contributing 51% of the health premium, dependent upon the number of family members covered. One hundred percent of required premiums on the $4,000 retiree life insurance policy is funded by the employer.

The employer contribution to the OPEB plan for 2010 totaled $420,580, or approximately 2% of gross payroll as approved by the Commission in the 2010 operating budget. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly which totaled $180,870 for 2010.

D. Annual OPEB Cost and Net OPEB Obligation

The Commission's annual OPEB cost (expense) was calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated as part of the January 1, 2010 actuarial valuation performed by an outside actuarial consultant.

The following table shows the components of the government's annual OPEB cost for the year and the amount actually contributed to the plan during the year:

	Governmental Activities
Annual required contribution (ARC)	$650,181
Interest on net OPEB obligation	51,155
Adjustment to ARC	(73,958)
Annual OPEB cost (expense)	627,378
Less contributions made	(420,580)
Increase in net OPEB obligation	206,798
Net OPEB obligation - beginning of year	1,278,862
Net OPEB obligation - end of year	1,485,660

Trend Information for OPEB Plan:

Fiscal Year Ending	**Annual OPEB Cost**	**Percentage of Annual OPEB Cost Contribution**	**Net OPEB Obligation**
December 31, 2010	$627,378	67%	$1,485,660
December 31, 2009	$905,314	33%	$1,278,862
December 31, 2008	$917,377	26%	$676,579

Note 6 - Other Post Employment Benefits (OPEB) (Continued)

E. Funding Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $7,791,028 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions and actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress for the OPEB plan is as follows:

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)
January 1, 2010	-	$7,791,028	$7,791,028	-	$17,280,951	45%
January 1, 2009	-	$11,138,976	$11,138,976	-	$16,662,262	67%
January 1, 2008	-	$10,738,666	$10,738,666	-	$19,092,538	56%

F. 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 costs 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 BREC and its employee plan members) at the time of the valuation and on the pattern of sharing costs between BREC 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 BREC 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.

BREC 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.

Note 6 - Other Post Employment Benefits (OPEB) (Continued)

F. Actuarial Methods and Assumptions (Continued)

Because the government currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the historical and expected investments that are expected to be used in financing the payment of benefits. The actuarial assumptions included a four percent investment rate of return, compounded annually. Life expectancies were based on the 1994 Group Annuity Reserving 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. Turnover rates were based on actual experience as described by administrative staff. The rates, when applied to the active employee census, produce an annual turnover of approximately 21%. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the centers for Medicare and Medicaid services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, aggregate and per capital amounts, percent distribution and average annual percent change by source of funds. 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 the OPEB benefits to be paid.

The amortization method for the plan is a level percentage of payroll with a thirty year open amortization. The expected long-term payroll growth rate was estimated at 2.5%, compounded annually. The remaining amortization period at January 1, 2010 was thirty years.

G. Other Benefits

The Commission provides a supplemental payment to retirees based on the years of service and number of years retired. This supplement is paid in installments in the second, third and fourth quarter of the year. It is contingent on annual approval by the Commission. A retiree may receive a maximum supplement up to $1,230; and the minimum supplement is $30 per year. Employees that take the DROP option are not eligible for these supplemental payments. BREC paid $38,454 to retirees in 2010 for supplemental pay benefits. In 2010, there were 58 retired employees (or surviving spouses) eligible for benefits.

Note 7 - Note Payable

As of December 31, 2010, the Commission had one outstanding tax anticipation note payable to Hancock Bank for $8,000,000. The original note date was October 26, 2010 and matures on March 1, 2011. The interest rate is 1.23%. The note is secured by a pledge of all revenues for 2010. Total interest paid on short-term borrowings for 2010 was $78,365.

Short-term debt activity during 2010 is as follows:

Beginning balance	$9,800,000
Debt retired	(9,800,000)
Debt issued	8,000,000
Ending balance	8,000,000

Note 8 - Long Term Debt

A. Debt Outstanding

The following is a summary of changes in long-term debt for the year ended December 31, 2010:

	Balance Beginning of Year	Additions	Payments/ Deletions	Balance End of Year	Due Within One Year
Governmental Activities					
Tax Revenue Bonds	$38,720,000		($1,725,000)	$36,995,000	$1,780,000
Compensated absences payable	4,762,634	$1,673,770	(1,720,012)	4,716,392	950,000
Bond premium	778,402		(50,491)	727,911	50,491
Net other post employment benefit obligation	1,278,862	206,798		1,485,660	
Claims payable	308,800	63,667		372,467	160,000
Totals	45,848,698	1,944,235	(3,495,503)	44,297,430	2,940,491

B. Bonds Payable

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

C. Changes in Bonds Payable

	Outstanding January 1, 2010	Issued	Retired	Outstanding December 31, 2010
Revenue Bonds				
Public improvement bonds	$38,720,000	$ -	($1,725,000)	$36,995,000

D. Debt Service Requirements to Maturity

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

Governmental Activities		
	Tax Revenue Bonds	
Year	Principal	Interest
2011	$1,780,000	$1,697,663
2012	1,845,000	1,631,919
2013	1,915,000	1,549,450
2014	2,010,000	1,451,325
2015	2,110,000	1,345,688
2016-2020	12,075,000	5,209,112
2021-2025	15,260,000	1,924,500
	36,995,000	14,809,657

Note 8 - Long Term Debt (Continued)

E. Bond Restrictions

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

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

The Commission was in compliance with the bond covenants in 2010.

Note 9 - Receivables and Payables

Balances due to/from other funds at December 31, 2010:

	Interfund	
	Receivable	**Payable**
Governmental Activities		
Capital Projects Fund	$16,000,305	
Capital Projects Enhancement Fund		16,000,305
Totals	16,000,305	16,000,305

Accounts receivable consists of the following:

	State	**Federal**	**Other**	**Total**
Governmental Activities				
General Fund	$843,168	$230,137	$31,990	$1,105,295
Capital Project Funds	234,614		1,200	235,814
Totals	1,077,782	230,137	33,190	1,341,109

Note 10-Interfund Transfers

	Transfers	
	In	**Out**
Governmental Activities		
General Fund	2,500,000	
Special Revenue Enhancement Fund		9,211,982
Capital Projects Enhancement Fund	6,712,250	3,510,153
Debt Service Fund	3,509,885	
Totals	12,722,135	12,722,135

Note 11 - Risk Management

A. Types of Risk

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

General liability 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 $350,000 per occurrence, and for employee health is $50,000 per occurrence.

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

B. Accounting for Risk

In accordance with GASB Statement #10 *"Accounting and Financial Reporting for Risk Financing and Related Insurance Issues"* the Commission accounts for and reports risk management activities in the General Fund within the constraints of the modified accrual basis of accounting. Claims paid under the self-insurance risk activities are recorded as expenditures. There were no major changes in insurance coverage for the year ended December 31, 2010.

C. Contingent Liabilities - Claims and Judgments

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

D. Employee Benefits

The Commission provides medical insurance benefits to its full-time employees who choose to participate. In 2010 the Commission contributed approximately 67% of the cost of the base plan, with the employee contributing approximately 33%. Additionally, employees pay the full cost of additional premiums for plans with higher coverage benefits. The Commission also provides certain life insurance benefits for retired employees which it self-insures. All of the Commission's full-time employees become eligible for these benefits when they reach normal retirement age while working for the Commission. Health care benefits are provided through an insurance company who's monthly premiums are paid jointly by the retiree and the Commission. The Commission's costs of providing these benefits are recognized as expenditures when the payments or monthly premiums are paid. Cost to the Commission for employee health benefits in 2010 was $1,899,821.

Note 12 - Fund Designations

Designations for the General Fund as of December 31, 2010 are as follows:

Self Insurance	$4,600,000
Retirees Life Insurance	646,000
Other Post Employment Benefits	2,800,000
Uninsured Claims	3,400,000
Howell Place	100,000
Mineral Endowment	1,342,965
	12,888,965

Designations for the Capital Projects Fund as of December 31, 2010, are as follows:

Children's Museum	$3,000,000
Community Parks	4,000,000
Natural Resources Management	2,500,000
Florida Recreation Center	250,000
	9,750,000

Note 13-New Accounting Pronouncement

GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* will become effective for the Commission in fiscal year 2011. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. Management has not yet determined the impact of this statement on the financial statements.

Note 14-Prior Period Adjustment

During 2010, the Commission discovered an error in the recording of 2009 fixed asset transactions. The change resulted in an increase in net assets on the government-wide financial statements. Changes to the balances are as follows:

	Government-wide Governmental Activities
Net assets, beginning of year, as previously stated	$133,927,473
Increase for adjustment to fixed assets	562,441
Net assets, beginning of year, restated	134,489,914

Note 15-Subsequent Events

The Commission evaluated all subsequent events through June 30, 2011, the date the financial statements were available to be issued.

Supplementary Information

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

J.CHARLES PARKER, C.P.A.
LOUIS C. McKNIGHT, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD., SUITE 200
BATON ROUGE, LOUISIANA 70809
(225) 923-3000 • FAX (225) 923-3008

June 30, 2011

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities and each major fund, of the Recreation and Park Commission for the Parish of East Baton Rouge, as of and for the year ended December 31, 2010, which collectively comprise the Recreation and Park Commission for the Parish of East Baton Rouge's basic financial statements and have issued our report thereon dated June 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, as 2010-01, 2010-02 and 2010-03 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a 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.

Compliance and Other Matters

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

The Recreation and Park Commission for the Parish of East Baton Rouge's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Recreation and Park Commission for the Parish of East Baton Rouge's response, and accordingly, we express no opinion on it.

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

Yours truly,

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

Internal Control Over Financial Reporting

2010-01 Inventory Pricing

Condition

During our audit, we noted several inventory items that reflected no cost.

Recommendation

Quantity and cost should be entered when inventory items are received. Inventory reports should be reviewed on a monthly basis to examine reasonable cost for each inventory item.

Management's Response

The inventory items are reviewed by the finance division staff employee responsible for maintaining the inventory. Employees responsible for entering the inventory at the various BREC locations have been notified of the importance of entering all the necessary information into the inventory system when processing a shipment. A new procedure has been implemented during the finance review process to make sure the employee's supervisor is notified when there are any errors noted in the inventory system.

2010-02 Deposit for Highland Road Park Tennis Center

Condition

An employee took cash from the Tennis Center's cash receipts and replaced the cash receipts with two of his personal checks. All of the checks were deposited into BREC's bank account. The two personal checks were returned NSF. The shortage was discovered in a timely manner by the revenue clerk. When the NSF checks were returned to BREC, the clerk noticed the name on the check was a BREC employee and alerted the tennis manager. A police report was filed, and the employee was terminated. The employee repaid all of the money owed to BREC. BREC has policies in place for cash receipt procedures, but these policies were not followed in this instance.

Recommendation

BREC's policies be reinforced with employees on an annual basis.

Management's Response

BREC has policies in place prohibiting the type of transaction noted in this finding. The policies are reviewed with all new hires at the time they are hired and when requested by Division Directors special training is provided to their current staff. Staffing limitations prevent an annual review of cash receipt procedures at all BREC location.

Recreation and Park Commission for the Parish of East Baton Rouge
Schedule of Findings and Questioned Costs
Year Ended December 31, 2010

Internal Control Over Financial Reporting

2010-03 Fixed Assets

Condition

Fixed asset additions are not being reconciled on a timely basis to capital outlay.

Recommendation

Fixed asset additions should be reconciled to capital outlay on a monthly basis.

Management's Response

A review is currently underway to determine a better method of tracking and capturing the data needed to reconcile fixed asset additions to capital outlay on a more frequent basis. The method currently being used is cumbersome and labor intensive. Staffing changes during the middle of these compilations this year made it more burdensome than in prior years.

Recreation and Park Commission for the Parish of East Baton Rouge
Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2009

Internal Control Over Financial Reporting

2009-01 Gift Cards

Condition

During our audit, we noted that the gift card subsidiary was not being reconciled to the general ledger.

Recommendation

We recommend that the Commission reconcile the gift card subsidiary to the general ledger each month.

Management's Response

We agree with the auditor's finding that collections for gift cards accounted for in a liability account in the General Fund were not reconciled, monthly or otherwise. Gift cards are relatively new at BREC; and accounting for gift cards is a highly automated in the recreation programming software used at BREC's facilities. It was an oversight on the part of the Finance Director in not recognizing that a liability account with a significant balance had no controls in place. Balances in this account had been relatively small at the outset, but grew materially in 2009. The account is now being reconciled monthly.

Resolution: This finding was resolved in the current year.