

EISNERAMPER

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

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2022



RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Contents

	<u>Page</u>
Independent Auditors' Report	1 – 3
Required Supplemental Information – Part I	
Management's Discussion and Analysis (MD&A)	4 – 10
Basic Financial Statements	
Government-wide Financial Statements (GWFS)	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements (FFS)	
Governmental Funds:	
Balance Sheet	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balance	15
Reconciliation of the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	16
Internal Service Funds:	
Combining Statement of Net Position	17
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	18
Combining Statement of Cash Flows	19
Notes to the Basic Financial Statements	20 – 45
Required Supplemental Information – PART II	
Budgetary Comparison Schedule – General Fund	46
Budgetary Comparison Schedule – Special Revenue Enhancement Fund	47
Schedule of Changes in Total OPEB Liability and Related Ratios	48
Schedule of Proportionate Share of the Net Pension Liability – Cost-Sharing Defined Benefit Plan	49
Schedule of Employer Contributions – Cost-Sharing Defined Benefit Plan	50

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Contents (continued)

	<u>Page</u>
Other Supplemental Information	
Schedule of Compensation Paid to the Head of Commission	51
General Fund Combining Schedules	
Balance Sheet	52
Statement of Revenues, Expenditures, and Changes in Fund Balance	53
Other Reports Required By <i>Government Auditing Standards</i>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54 – 55
Schedule of Findings and Responses	56 – 59
Summary Schedule of Prior Audit Findings	60 – 62

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Recreation and Park Commission for the Parish of East Baton Rouge (the "Commission") as of and for the year ended December 31, 2022, and the related notes to the financial statements which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Commission, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of Changes in the Total Other Post-Employment Benefit Plan Liability and Related Ratios, the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Employer Contributions to Cost-Sharing Defined Benefit Plans be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
December 19, 2024



REQUIRED SUPPLEMENTAL INFORMATION – PART I

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Management's Discussion and Analysis As of December 31, 2022

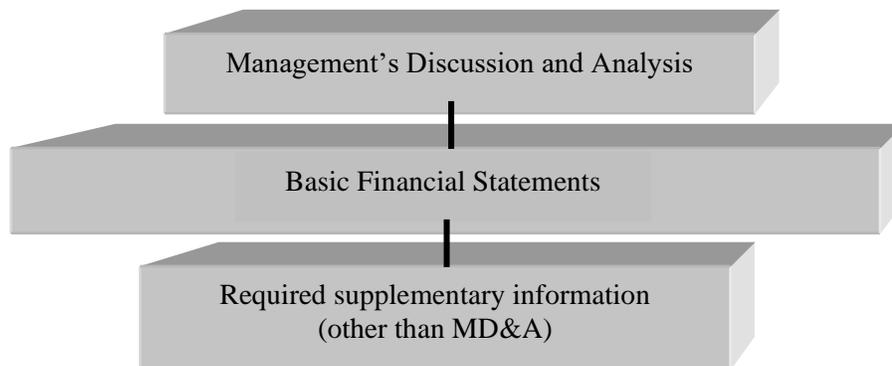
As financial management of the Recreation and Park Commission for the Parish of East Baton Rouge (BREC or the Commission) we offer readers of these financial statements an overview and analysis of BREC's financial activities. This narrative is designed to assist readers in focusing on significant financial issues, identify changes in financial position, identify material deviations from approved budget documents (if any) and identify individual fund issues or concerns. Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts.

FINANCIAL HIGHLIGHTS

- ★ Assets and deferred outflows of the Recreation and Park Commission exceeded its liabilities and deferred inflows on December 31, 2022 by \$190,328,158 (net position). Most of this amount is comprised of the Commission's investment in capital assets (\$192,805,967) and amounts restricted to capital projects or debt service requirements (\$26,381,782).
- ★ As of December 31, 2022, the governmental funds reported combined ending fund balances of \$88,342,429, a decrease of \$10,264,686 in comparison with the prior year ending fund balance. Revenues increased for ad valorem taxes and recreation activity fees in 2022. These increases are based on assessed values of property taxes and activity at the various parks. Expenses decreased largely because of significant intergovernmental expenses in 2021 which did not reoccur in 2022. Approximately 25% of the fund balance, \$21,444,341, is unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Management's Discussion and Analysis As of December 31, 2022

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

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

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

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

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

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

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

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Management’s Discussion and Analysis
As of December 31, 2022**

FINANCIAL ANALYSIS OF THE ENTITY

The following table reflects the condensed Statement of Net Position for 2022 and 2021:

Condensed Statements of Net Position
as of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current and other assets	\$ 108,404,696	\$ 117,347,127
Capital assets	<u>205,236,767</u>	<u>191,108,329</u>
Total assets	<u>313,641,463</u>	<u>308,455,456</u>
Deferred outflows	<u>37,648,508</u>	<u>30,177,743</u>
Liabilities		
Current liabilities	10,646,092	11,369,679
Non-current liabilities		
Due within one year	9,860,000	6,585,345
Due in more than one year	<u>106,090,208</u>	<u>124,465,338</u>
Total liabilities	<u>126,596,300</u>	<u>142,420,362</u>
Deferred inflows	<u>34,365,513</u>	<u>16,403,826</u>
Net position		
Net investment in capital assets	192,805,967	174,767,021
Restricted	26,381,782	26,377,926
Unrestricted	<u>(28,859,591)</u>	<u>(21,335,936)</u>
Total net position	<u>\$ 190,328,158</u>	<u>\$ 179,809,011</u>

- Approximately 101% of the Commission’s net position as of December 31, 2022 reflects investment in capital assets less any outstanding debt used to acquire those assets (land, buildings, infrastructure, machinery and equipment). The Commission uses these assets to provide services to the public, consequently these assets are not available for future spending. Although the Commission’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- Another 14% of the Commission’s net position is subject to external restrictions, primarily those for capital expenditure and bond reserves.
- The remaining portion of net position is unrestricted and may be used to meet ongoing obligations of the Commission to citizens and creditors.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Management's Discussion and Analysis
As of December 31, 2022**

The following table provides a summary of the changes in net position for the years ended 2022 and 2021:

Condensed Statements of Revenues and Expenses
For the Years Ended December 31, 2022 and 2021

	2022	2021
Revenues		
Program revenues		
Charges for services	\$ 10,719,737	\$ 9,895,137
Capital grants and contributions	517,762	1,164,487
General revenues		
Ad Valorem Tax	73,196,627	70,201,955
State Revenue Sharing	1,614,537	1,604,979
Other General Revenues	1,725,626	973,237
	<u>87,774,289</u>	<u>83,839,795</u>
Expenses		
Administration and Planning	24,816,724	27,115,554
Maintenance Department Operations	13,470,431	14,815,510
Recreation Program Operations	22,296,431	22,127,075
Golf Operations	7,751,723	7,161,898
Zoo Operations	6,510,018	6,681,793
Aquatics and Therapeutics	1,370,701	1,218,489
Facility acquisition and construction	498,327	-
Interest on long-term debt	539,061	634,442
Intergovernmental	1,726	4,851,184
	<u>77,255,142</u>	<u>84,605,945</u>
Change in net position	<u>\$ 10,519,147</u>	<u>\$ (766,150)</u>
Net position, beginning of year	179,809,011	180,575,161
Net position, end of year	<u>\$ 190,328,158</u>	<u>\$ 179,809,011</u>

The Commission's revenues are comprised almost entirely of property taxes and charges for services for use of facilities and activities. Property tax revenues increased in 2022 as a result of changes in the underlying property value assessments. Additionally, in 2022, the Commission voted to roll forward its millages to 14.463. The charges for services experienced an 8% increase. These fees are based on the citizens use of the various parks and facilities throughout the year as well as weather conditions throughout the year that affects many outdoor events.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Management's Discussion and Analysis As of December 31, 2022

The Commission's expenses, overall, decreased approximately \$7,350,000, or 8.7% between 2022 and 2021 largely because of decreased intergovernmental and administrative and planning costs. The intergovernmental expenses in 2021 were related to one-time costs associated with improvements at the LSU lakes.

FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

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

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

The General Fund is the primary operating fund of the Commission. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$21,444,341, while total fund balance of the General Fund was \$61,688,512. Compared with total General Fund balance of \$66,860,761 at the end of 2021, fund balance decreased \$5,172,249 during 2022. The fund balance decrease is a result of expenses in a variety of areas related to the recreation, golf, zoo operations, as well as capital outlay continuing to exceed available revenues. This fund balance can be used to support operations in accordance with restrictions, commitments, or assignments placed thereon.

The Commission's other governmental funds, consisting of the Debt Service Fund, the Capital Improvements Fund, the Enhancement Construction Fund and the Special Revenue Enhancement Fund collectively contain \$26,653,917 of fund balance which is either restricted, committed or assigned for various purposes including debt payments and capital improvements, or assigned for certain uses as determined by management. The Commission also maintains an Enhancement Operating Fund that accounts for the portion of a certain millage that is earmarked for operating supplements under the Imagine Your Parks Strategic Master Plan that is combined with the General Fund for presentation in accordance with GASB 54. The General Fund combining financial statements reflect the components of the General Fund. These combining schedules are included in Other Supplemental Information.

The Louisiana Local Government Budget Act (the Act) requires that the Commission adopt annual budgets for its general and special revenue funds and to adopt budget amendments whenever revenue collections and other sources fail to meet budgeted projections by more than 5%; or when actual expenditures and other uses exceed budgeted expenditures and other uses by more than 5%; or when actual beginning fund balance fails to meet estimated beginning fund balance by more than 5% if fund balance is being used to fund current year expenditures. As indicated in the required supplemental information showing the budgeted revenues, expenditures, and other financing sources and uses for the General and Special Revenue Enhancement Funds, no budget amendments were adopted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Commission's capital assets as of December 31, 2022, total \$ \$205,236,767 (net of accumulated depreciation). Capital assets include land, buildings and improvements, construction in progress, and moveable property consisting of furniture, machinery and equipment. Accumulated depreciation represents approximately 49% of the original cost of all capital assets, and approximately 61% of depreciable capital assets. Capital asset additions in 2022 were \$28,699,206 (excluding reclassification of construction-in-progress), or approximately 14% of the net book value of all capital assets.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Management's Discussion and Analysis As of December 31, 2022

Capital Assets at December 31 (Net of Depreciation)

	<u>2022</u>	<u>2021</u>
Land	\$ 29,901,297	\$ 29,901,297
Construction in progress	50,385,286	35,578,039
Moveable Property and Equipment	5,838,186	5,570,218
Immoveable Property	<u>119,111,998</u>	<u>120,058,775</u>
Totals	<u>\$ 205,236,767</u>	<u>\$ 191,108,329</u>

The Commission maintains two funds for capital improvement projects. The first is the Capital Improvements Fund, which accounts for the proceeds of 50% of a property tax of 4.10 mills dedicated to capital improvements and which the Commission has traditionally used for its on-going Capital Improvement Program. This fund provides for capital improvements on a pay-as-you-go basis. Total expenditures in 2022 of the Capital Improvements Fund were \$10,811,020. The second fund is the Enhancement Construction Fund, which accounts for a portion of the proceeds of a property tax of 3.253 mills that was approved by the citizenry for funding the operation, maintenance, construction of the park system in accordance with the Strategic Master Plan. Total expenditures in 2022 of the Enhancement Construction Fund were \$15,510,961. The combined total expenditures of the two capital projects funds were \$26,321,981 and \$28,732,556 in 2022 and 2021, respectively.

Some of the more significant capital improvements during the 2022 fiscal year included construction, renovation and/or design costs for projects at the following locations: Howell Community Park, Farr Park, Greenwood Park and the Baton Rouge Zoo.

Long-term debt

At the end of the calendar year 2022, the Commission had total bonded debt outstanding of \$12,950,000, compared to bonded debt outstanding as of December 31, 2021 of \$17,085,000. This decrease reflects principal payments on the bonds that were made according to schedule. In 2022, the Commission made the final payment on a lease entered into during fiscal year 2018 for the purchase of mower equipment. Long-term debt also includes the Commission's accrued compensated leave of \$4,069,184 and self-insurance claims payable of \$1,560,000. Other significant liabilities include the Commission's share of the City-Parish Employees' Retirement System net pension liability of \$73,547,051 and the total other post-employment benefits liability of \$23,823,973.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

East Baton Rouge Parish has experienced modest economic growth in recent years. The following significant assumptions were made in setting the 2023 budget:

- Revenues will increase as a result of additional grants awards.
- Operating expenses will increase due to capital outlay and contract service expenses..

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Management's Discussion and Analysis As of December 31, 2022

REQUESTS FOR INFORMATION

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Statement of Net Position

December 31, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 33,284,047
Ad valorem taxes receivable, net	73,050,418
Due from other governments and other	1,481,438
Inventory	588,793
Capital assets - non-depreciable	80,286,583
Capital assets - depreciable, net	124,950,184
Total assets	313,641,463
 DEFERRED OUTFLOWS	
Loss on bond refunding	565,173
Total other post-employment benefit (OPEB) liability	20,000,574
Net pension liability	17,082,761
Total deferred outflows	37,648,508
 LIABILITIES	
Accounts payable	5,964,752
Accrued expenses payable	4,681,340
Long-term liabilities:	
Due within one year (bonds, lease, compensated absences, claims)	8,380,000
Due within one year (total other post-employment benefits liability)	1,480,000
Due in more than one year (bonds, lease, compensated absences, claims)	10,199,184
Total other post-employment benefits liability	22,343,973
Net pension liability	73,547,051
Total liabilities	126,596,300
 DEFERRED INFLOWS	
Total other post-employment benefit (OPEB) liability	15,591,628
Net pension liability	18,773,885
Total deferred inflows	34,365,513
 NET POSITION	
Net investment in capital assets	192,805,967
Restricted	
Capital projects	21,994,661
Debt service	4,387,121
Unrestricted	(28,859,591)
Total net position	\$ 190,328,158

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Statement of Activities

For the Year Ended December 31, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental activities				
Administration and planning	\$ 24,816,724	\$ 183,196	\$ -	\$ (24,633,528)
Maintenance department operations	13,470,431	-	-	(13,470,431)
Recreation program operations	22,296,431	3,841,799	517,762	(17,936,870)
Golf operations	7,751,723	4,697,924	-	(3,053,799)
Zoo operations	6,510,018	1,996,818	-	(4,513,200)
Aquatics and therapeutics	1,370,701	-	-	(1,370,701)
Facility acquisition and construction	498,327	-	-	(498,327)
Interest Expense	539,061	-	-	(539,061)
Intergovernmental	1,726	-	-	(1,726)
	<u>\$ 77,255,142</u>	<u>\$ 10,719,737</u>	<u>\$ 517,762</u>	<u>\$ (66,017,643)</u>
			<u>General Revenues</u>	
			Property taxes	73,196,627
			State revenue sharing	1,614,537
			Earnings on investments	880,861
			Miscellaneous	844,765
			Total general revenues	<u>76,536,790</u>
			Change in Net Position	10,519,147
			Net Position - December 31, 2021	<u>179,809,011</u>
			Net Position - December 31, 2022	<u>\$ 190,328,158</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Governmental Funds
Balance Sheet
December 31, 2022

	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	Debt Service Fund	Total
ASSETS						
Cash and cash equivalents	\$ 2,677,355	\$ 22,907,658	\$ 1,323,771	\$ 172,953	\$ 4,133	\$ 27,085,870
Ad valorem taxes receivable, net	46,265,770	10,354,239	-	16,430,409	-	73,050,418
Due from governments and other	1,276,154	205,284	-	-	-	1,481,438
Inventory	588,793	-	-	-	-	588,793
Due from other funds	19,742,439	115,931	4,237,942	1,198,996	8,666,903	33,962,211
Total assets	<u>70,550,511</u>	<u>33,583,112</u>	<u>5,561,713</u>	<u>17,802,358</u>	<u>8,671,036</u>	<u>136,168,730</u>
DEFERRED OUTFLOWS	-	-	-	-	-	-
Total assets and deferred outflows	<u>\$ 70,550,511</u>	<u>\$ 33,583,112</u>	<u>\$ 5,561,713</u>	<u>\$ 17,802,358</u>	<u>\$ 8,671,036</u>	<u>\$ 136,168,730</u>
LIABILITIES						
Accounts payable	3,559,103	992,623	900,079	461,587	-	5,913,392
Accrued expenses payable	2,315,188	596,919	1,489,815	-	-	4,401,922
Due to other funds	310,211	9,402,101	2,945,657	16,555,661	4,237,942	33,451,572
Total liabilities	<u>6,184,502</u>	<u>10,991,643</u>	<u>5,335,551</u>	<u>17,017,248</u>	<u>4,237,942</u>	<u>43,766,886</u>
DEFERRED INFLOWS	<u>2,677,497</u>	<u>596,808</u>	<u>-</u>	<u>785,110</u>	<u>-</u>	<u>4,059,415</u>
FUND BALANCE						
Nonspendable	588,793	-	-	-	-	588,793
Spendable:						
Restricted	-	21,994,661	-	-	4,433,094	26,427,755
Committed	1,342,965	-	-	-	-	1,342,965
Assigned	38,312,413	-	226,162	-	-	38,538,575
Unassigned	21,444,341	-	-	-	-	21,444,341
Total fund balance	<u>61,688,512</u>	<u>21,994,661</u>	<u>226,162</u>	<u>-</u>	<u>4,433,094</u>	<u>88,342,429</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 70,550,511</u>	<u>\$ 33,583,112</u>	<u>\$ 5,561,713</u>	<u>\$ 17,802,358</u>	<u>\$ 8,671,036</u>	<u>\$ 136,168,730</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2022**

Total Fund Balances at December 31, 2022 - Governmental Funds		\$ 88,342,429
Cost of capital assets at December 31, 2022	400,548,224	
Less: Accumulated Depreciation as of December 31, 2022	<u>195,311,457</u>	205,236,767
Deferred inflows at December 31, 2022 (property tax and revenue sharing not available)		4,059,415
Deferred inflows at December 31, 2022 (net pension liability)		(18,773,885)
Deferred outflows at December 31, 2022 (loss on bond refunding)		565,173
Deferred outflows at December 31, 2022 (net pension liability)		17,082,761
Deferred inflows at December 31, 2022 (total OPEB liability)		(15,591,628)
Deferred outflows at December 31, 2022 (total OPEB liability)		20,000,574
Consolidation of internal service funds		3,842,733
Accrued interest on bonds payable		(45,973)
Long-term liabilities at December 31, 2022:		
Bonds payable	(12,950,000)	
Compensated absences payable	(4,069,184)	
Net Pension Liability	(73,547,051)	
Total other post-employment benefit obligation	<u>(23,823,973)</u>	<u>(114,390,208)</u>
Total net position at December 31, 2022 - Governmental Activities		<u>\$ 190,328,158</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
December 31, 2022

	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	Debt Service Fund	Total
REVENUES						
Local sources:						
Ad valorem taxes	\$ 46,013,871	\$ 10,297,864	\$ -	\$ 16,340,952	\$ -	\$ 72,652,687
Recreation activity fees	10,536,541	-	-	-	-	10,536,541
Earnings on investments	558,552	223,061	56,739	40,073	2,436	880,861
Donations and miscellaneous	726,989	54,392	-	-	-	781,381
Intergovernmental revenues:						
Revenue sharing	1,309,309	305,228	-	-	-	1,614,537
Restricted grants-in-aid	5,547	379,493	132,722	-	-	517,762
Total revenues	<u>59,150,809</u>	<u>11,260,038</u>	<u>189,461</u>	<u>16,381,025</u>	<u>2,436</u>	<u>86,983,769</u>
EXPENDITURES						
Current:						
Administrative and planning	20,020,233	1,099,728	-	461,587	1,700	21,583,248
Maintenance department operations	12,529,804	-	-	-	-	12,529,804
Recreation program operations	13,031,168	-	-	-	-	13,031,168
Golf operations	6,601,867	-	-	-	-	6,601,867
Zoo operations	6,164,223	-	-	-	-	6,164,223
Aquatics and therapeutics	1,103,553	-	-	-	-	1,103,553
COVID-19 relief operations	617,361	-	-	-	-	617,361
Debt service:						
Principal payment	5,587	-	-	-	4,135,000	4,140,587
Interest expense	-	-	-	-	319,874	319,874
Intergovernmental	1,726	-	-	-	-	1,726
Capital outlay	2,858,406	9,711,292	15,510,961	-	-	28,080,659
Total expenditures	<u>62,933,928</u>	<u>10,811,020</u>	<u>15,510,961</u>	<u>461,587</u>	<u>4,456,574</u>	<u>94,174,070</u>
Excess of revenues over (under) expenditures	<u>(3,783,119)</u>	<u>449,018</u>	<u>(15,321,500)</u>	<u>15,919,438</u>	<u>(4,454,138)</u>	<u>(7,190,301)</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	(3,074,385)	-	-	(15,919,438)	-	(18,993,823)
Transfers in	1,685,255	-	10,239,885	-	3,994,298	15,919,438
Total other financing sources (uses)	<u>(1,389,130)</u>	<u>-</u>	<u>10,239,885</u>	<u>(15,919,438)</u>	<u>3,994,298</u>	<u>(3,074,385)</u>
CHANGES IN FUND BALANCE						
	<u>(5,172,249)</u>	<u>449,018</u>	<u>(5,081,615)</u>	<u>-</u>	<u>(459,840)</u>	<u>(10,264,686)</u>
Fund Balance, December 31, 2021	<u>66,860,761</u>	<u>21,545,643</u>	<u>5,307,777</u>	<u>-</u>	<u>4,892,934</u>	<u>98,607,115</u>
Fund Balance, December 31, 2022	<u>\$ 61,688,512</u>	<u>\$ 21,994,661</u>	<u>\$ 226,162</u>	<u>\$ -</u>	<u>\$ 4,433,094</u>	<u>\$ 88,342,429</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities**

For the Year Ended December 31, 2022

Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds		\$ (10,264,686)
Capital Assets:		
Capital outlay and other expenditures capitalized	\$ 39,256,585	
Net effect of sales and disposals of capital assets	(11,770,730)	
Depreciation expense for year ended December 31, 2022	<u>(13,357,417)</u>	14,128,438
Change in deferred inflows and outflows - property tax and revenue sharing		543,939
Change in net position of internal service fund		1,522,225
Long Term Debt:		
Principal portion of debt service payments and redemptions	\$ 4,135,000	
Change in net pension liability and related deferrals	1,022,557	
Change in post-employment benefit obligation	(326,160)	
Deferred loss amortization	(233,864)	
Payment on lease debt	55,345	
Change in accrued interest on long-term debt	14,678	
Change in compensated absences payable	<u>(78,325)</u>	<u>4,589,231</u>
Change in Net Position - Governmental Activities		<u>\$ 10,519,147</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Employee Benefit Fund	Risk Management Fund	Unemployment Insurance Fund	Print Shop Fund	Total Internal Service Funds
ASSETS					
Current:					
Cash and cash equivalents	\$ 1,856,834	\$ 3,886,276	\$ 455,067	\$ -	\$ 6,198,177
Due from other funds	-	156,236	-	-	156,236
Total assets	<u>\$ 1,856,834</u>	<u>\$ 4,042,512</u>	<u>\$ 455,067</u>	<u>\$ -</u>	<u>\$ 6,354,413</u>
LIABILITIES					
Current:					
Accounts payable	-	2,591	-	2,971	5,562
Due to other funds	383,347	-	-	283,528	666,875
Accrued expenses	268,621	9,972	-	650	279,243
Claims payable	300,000	350,000	-	-	650,000
	951,968	362,563	-	287,149	1,601,680
Long-term:					
Claims payable	-	910,000	-	-	910,000
Total liabilities	<u>951,968</u>	<u>1,272,563</u>	<u>-</u>	<u>287,149</u>	<u>2,511,680</u>
NET POSITION					
Restricted	-	100,000	-	-	100,000
Unrestricted	904,866	2,669,949	455,067	(287,149)	3,742,733
Total net position	<u>904,866</u>	<u>2,769,949</u>	<u>455,067</u>	<u>(287,149)</u>	<u>3,842,733</u>
Total liabilities and net position	<u>\$ 1,856,834</u>	<u>\$ 4,042,512</u>	<u>\$ 455,067</u>	<u>\$ -</u>	<u>\$ 6,354,413</u>

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DECEMBER 31, 2022**

	Employee Benefit Fund	Risk Management Fund	Unemployment Insurance Fund	Print Shop Fund	Total Internal Service Funds
OPERATING REVENUES					
Premiums received	\$ 6,312,056	\$ 247,853	\$ -	\$ -	\$ 6,559,909
Total operating revenues	<u>6,312,056</u>	<u>247,853</u>	<u>-</u>	<u>-</u>	<u>6,559,909</u>
OPERATING EXPENSES					
Claims expense	5,647,212	502,504	-	-	6,149,716
Insurance premiums	-	768,978	-	-	768,978
Administrative fees	920,371	268,822	39,060	28,506	1,256,759
Total operating expenses	<u>6,567,583</u>	<u>1,540,304</u>	<u>39,060</u>	<u>28,506</u>	<u>8,175,453</u>
Net operating income (loss)	(255,527)	(1,292,451)	(39,060)	(28,506)	(1,615,544)
NON-OPERATING REVENUES					
Interest income	7,856	48,609	6,919	-	63,384
Transfers in	-	3,027,671	46,714	-	3,074,385
Change in net position	(247,671)	1,783,829	14,573	(28,506)	1,522,225
Net position December 31, 2021	<u>1,152,537</u>	<u>986,120</u>	<u>440,494</u>	<u>(258,643)</u>	<u>2,320,508</u>
Net position December 31, 2022	<u>\$ 904,866</u>	<u>\$ 2,769,949</u>	<u>\$ 455,067</u>	<u>\$ (287,149)</u>	<u>\$ 3,842,733</u>

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
DECEMBER 31, 2022

	Employee Benefit Fund	Risk Management Fund	Unemployment Insurance Fund	Print Shop Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash premiums received	\$ 6,312,056	\$ 247,853	\$ -	\$ -	\$ 6,559,909
Cash paid in claims and premiums	(5,547,212)	(1,406,482)	-	-	(6,953,694)
Cash paid for expenses	(1,121,395)	(300,355)	(39,060)	(30,467)	(1,491,277)
Net cash provided by (used in) operating activities	<u>(356,551)</u>	<u>(1,458,984)</u>	<u>(39,060)</u>	<u>(30,467)</u>	<u>(1,885,062)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund transfers and advances	-	3,027,671	46,714	-	3,074,385
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>3,027,671</u>	<u>46,714</u>	<u>-</u>	<u>3,074,385</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Income	7,856	48,609	6,919	-	63,384
Net cash provided by (used in) investing activities	<u>7,856</u>	<u>48,609</u>	<u>6,919</u>	<u>-</u>	<u>63,384</u>
Net change in cash	(348,695)	1,617,296	14,573	(30,467)	1,252,707
Cash at beginning of year	2,205,529	2,268,980	440,494	30,467	4,945,470
Cash at end of year	<u>\$ 1,856,834</u>	<u>\$ 3,886,276</u>	<u>\$ 455,067</u>	<u>\$ -</u>	<u>\$ 6,198,177</u>
Reconciliation of change in net position to net cash provided by (used in) operating activities					
Net operating income (loss)	\$ (255,527)	\$ (1,292,451)	\$ (39,060)	\$ (28,506)	\$ (1,615,544)
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:					
Changes in:					
Accounts payable	(467,571)	(38,905)	-	(2,389)	(508,865)
Accrued expenses	266,547	7,372	-	428	274,347
Claims payable	100,000	(135,000)	-	-	(35,000)
Net cash provided by (used in) operating activities	<u>\$ (356,551)</u>	<u>\$ (1,458,984)</u>	<u>\$ (39,060)</u>	<u>\$ (30,467)</u>	<u>\$ (1,885,062)</u>

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2022

1. Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Basis of Presentation and Accounting

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

Government-Wide Financial Statements (GWFS)

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

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation and Accounting (continued)

Fund Financial Statements (FFS)

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

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

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

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

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

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

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

Debt Service Fund is used to account for payment of the funds used to service the bond debt.

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation and Accounting (continued)

Fund Financial Statements (FFS) (continued)

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

Revenues

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

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

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

Expenditures

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

Vendor payments are recorded as the obligation is incurred.

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

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

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents can include demand deposit account balances, certificates of deposit and U.S. government securities with maturities of 90 days or less from the date purchased. As of December 31, 2022, cash and cash equivalents consist solely of demand and term deposits.

Investments

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

Elimination and Reclassifications

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

Inventory

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

Capital Assets

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

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

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Compensated Absences

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

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

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

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

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

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

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

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

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals. The Commission uses this approach.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Net Position

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

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

Fund Equity of Fund Financial Statements

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

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

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

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

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

Unassigned – represent balances for which there are no constraints.

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

Interfund Activity

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

Use of Estimates

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Budget Practices

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

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

Encumbrances

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

Long-Term Obligations

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

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

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

Pension Plans

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Deferred Outflows / Inflows of Resources

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

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

Newly Adopted Accounting Standards

The Commission has implemented GASB Statement No. 87, *Leases*. Under this Statement, lease contracts, as defined, are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources, and a lessee recognizes a lease liability and intangible right-to-use asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. Lease receivables as well as lease liabilities are measured at the present value of lease payments over the term of each respective contract. Options to renew the lease are included in the lease term if reasonably certain to be exercised. For the year ended December 31, 2022, no significant leases were identified.

2. Property Taxes

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

The 2022 property tax calendar was as follows:

Millage rates adopted	July 24, 2021
Levy date	July 24, 2021
Tax bills mailed	November 28, 2022
Due date	December 31, 2022
Lien date	January 1, 2023

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

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2022**

2. Property Taxes (continued)

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

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

The authorized and levied millage consisted of the following for 2022:

Approved Millage Rate	Levied Millage Rate	Expiration	Authorized Use Per Proposition
4.100	4.100	2024	Capital improvements, operations, maintenance
2.100	2.100	2024	Operations and maintenance
3.960	3.960	2026	Operations and maintenance
3.253	3.253	2024	Capital improvements, operations, maintenance - pursuant to Strategic Master Plan
1.050	1.050	Permanent	Any lawful purpose
<u>14.463</u>	<u>14.463</u>		

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

	Gross Property Taxes Receivable	Estimated Uncollectible Property Taxes	Net Property Taxes Receivable
General Fund	\$ 46,733,101	\$ (467,331)	\$ 46,265,770
Capital Improvements Fund	10,458,828	(104,589)	10,354,239
Special Revenue Enhancement Fund	16,596,373	(165,964)	16,430,409
	<u>\$ 73,788,302</u>	<u>\$ (737,884)</u>	<u>\$ 73,050,418</u>

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

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

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

For the fiscal year ended December 31, 2022, approximately \$3,848,000 in ad valorem taxes were abated as a result of this program.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2022

3. Cash and Cash Equivalents

At December 31, 2022, the Commission's cash balances consist of deposits in financial institutions and petty cash at various facilities as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash and cash equivalents	\$ 33,246,261	\$ 33,554,489
Petty cash	37,786	-
	<u>\$ 33,284,047</u>	<u>\$ 33,554,489</u>

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the Commission's deposits may not be returned. To guard against this risk, under state law, deposits must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. The Commission had no custodial credit risk as of December 31, 2022.

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

The Commission is authorized by LRS 39:1211-1245 and 33:2955 to invest temporarily idle monies in various risk-averse instruments including U.S. Government direct and agency obligations, certificates of deposit of qualified financial institutions, certain debt mutual funds, the Louisiana Asset Management Pool (LAMP) and other investments. The Commission had no investments as of December 31, 2022.

4. Capital Assets

Capital asset and depreciation activity as of and for the year ended December 31, 2022 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 29,901,297	\$ -	\$ -	\$ 29,901,297
Construction-in-progress	35,578,039	26,503,525	(11,696,278)	50,385,286
Total capital assets, not depreciated	<u>65,479,336</u>	<u>26,503,525</u>	<u>(11,696,278)</u>	<u>80,286,583</u>
Capital Assets Being Depreciated				
Immovable property	286,808,490	10,557,379	-	297,365,869
Movable property and equipment	21,838,914	2,195,681	(1,138,823)	22,895,772
Total capital assets being depreciated	<u>308,647,404</u>	<u>12,753,060</u>	<u>(1,138,823)</u>	<u>320,261,641</u>
Less Accumulated Depreciation For				
Immovable property	166,749,715	11,504,156	-	178,253,871
Movable property and equipment	16,268,696	1,853,261	(1,064,371)	17,057,586
	<u>183,018,411</u>	<u>13,357,417</u>	<u>(1,064,371)</u>	<u>195,311,457</u>
Total Capital Assets Being Depreciated (net)	<u>125,628,993</u>	<u>(604,357)</u>	<u>(74,452)</u>	<u>124,950,184</u>
Total Capital Assets (net)	<u>\$ 191,108,329</u>	<u>\$ 25,899,168</u>	<u>\$ (11,770,730)</u>	<u>\$ 205,236,767</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2022

4. Capital Assets (continued)

Depreciation expense for 2022 is charged to the following functions in the statement of activities:

Administrative and planning	\$ 1,068,593
Maintenance department operations	1,068,593
Recreation, program operations	9,350,192
Golf operations	1,202,168
Zoo operations	400,723
Aquatics operations	267,148
	<u>\$ 13,357,417</u>

5. Retirement System

Defined Benefit Plans

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

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

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

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

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

Plan Description

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2022

5. Retirement System (continued)

Defined Benefit Plans (continued)

Retirement Benefits

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

Any person who becomes a regular full-time employee of one of the member employers becomes a member of the Retirement System as a condition of employment, except in the case of newly hired employees of certain participating employers who are mandated to enroll in a statewide retirement system, or those covered under a collective bargaining agreement. Contractual employees may or may not become members, depending upon the provisions of their respective contracts. For 2022 there are 439 active participants.

Normal Retirement

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

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

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

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

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

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2022**

5. Retirement System (continued)

Defined Benefit Plans (continued)

Retirement Benefits (continued)

Deferred Retirement Option Program (DROP)

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

Funding Policy

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

Contributions to the plan are required and determined by the East Baton Rouge Metropolitan Council and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended December 31, 2022, for the Commission and covered employees were as follows:

<u>Commission</u>	<u>Employees</u>
38.76%	9.50%

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

<u>2022</u>	<u>December 31, 2021</u>	<u>2020</u>
\$ 7,558,574	\$ 7,761,791	\$ 7,345,529

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2022**

5. Retirement System (continued)

Defined Benefit Plans (continued)

Retirement Benefits (continued)

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

The following schedule lists the Commission’s proportionate share of the Net Pension Liability allocated by the pension plan as of the measurement date for the plan of December 31, 2021. The Commission uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2021 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used as of the respective measurement date along with the change compared to the immediately prior measurement date. The Commission’s proportion of the Net Pension Liability was based on a projection of the Commission’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Measurement Date	Liability at Measurement Date	Proportion at Measurement Date	Increase (Decrease) to Prior Year Proportion
December 31, 2021	\$ 73,547,051	14.3027%	-0.3137%

The Commission’s recognized pension expense for the year ended December 31, 2022 was \$6,898,238.

At December 31, 2022, the Commission reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 4,935,244	\$ -
Changes in assumptions	-	(1,719,898)
Net difference between projected and actual earnings on pension plan investments		(16,888,315)
Changes in proportion	4,320,173	-
Differences between allocated and actual contributions	89,746	(165,672)
Employer contributions subsequent to the measurement date	7,737,598	-
	<u>\$ 17,082,761</u>	<u>\$ (18,773,885)</u>

The Commission reported a total of \$7,737,598 as deferred outflow of resources related to pension contributions made subsequent to the measurement which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2023.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements
December 31, 2022

5. Retirement System (continued)

Defined Benefit Plans (continued)

Retirement Benefits (continued)

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

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

Deferral Period	CPERS
2023	\$ (172,403)
2024	(4,520,450)
2025	(2,200,010)
2026	(2,535,859)
	<u>\$ (9,428,722)</u>

Actuarial Assumptions

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

Valuation Date	December 31, 2021	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Expected Remaining Service Lives	4 years	
Investment Rate of Return	7.00%, net of investment expenses	
Inflation Rate	2.25% per annum	
Mortality	Healthy	
	RP-2006 Blue Collar (employee for active and annuitant for inactives) projected back to 2001, generational with MP 2018 (2016 base year)	
	Disabled	
	RP-2006 Disability Table projected back to 2001 generational with MP 2018 (2016 base year)	
Salary Increases	Inflation, plus	
< 1 year of service	<i>Age</i>	<i>Increase</i>
	22	7.60%
	27-32	4.90%
	37-62	3.40%
	67	1.50%
1+ years of services	22	7.60%
	27	3.50%
	32	3.50%
	37	3.25%
Cost of Living Adjustments	None	

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2022**

5. Retirement System (continued)

Defined Benefit Plans (continued)

Retirement Benefits (continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32.50%	7.50%
International Equity	17.50%	8.50%
Domestic Bonds	25.00%	2.50%
International Bonds	5.00%	3.50%
Real Estate	15.00%	4.50%
Alternative Assets	5.00%	5.70%
Total	100.00%	

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to provide future benefit payments projected for 50 years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for CPERS was 7.00% for the measurement date of December 31, 2021.

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
Rates	6.00%	7.00%	8.00%
Commission's Share of NPL	\$ 98,463,852	\$ 73,547,051	\$ 52,577,096

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2022

5. Retirement System (continued)

Defined Benefit Plans (continued)

Retirement Benefits (continued)

Payables to the Pension Plan

The Commission recorded accrued liabilities to CPERS for the year ended December 31, 2022 mainly due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as due to others. There was no balance due to the retirement system at December 31, 2022.

Carpenters' Union and Electrical Workers' Union

Certain employees are members of union benefit plans, which include defined benefit pension plans, as required by the terms of the collective bargaining agreements. For the Carpenters' Union plan and the Electrical Union Members' plans, the plan members are required to contribute 5.2% and 3.5%, respectively, of their annual covered payroll while the Commission contributes at a rate of 18.9% and 17.7%, respectively, for both plans. Contributions to the plans were as follows for the past two years:

2022	\$107,864
2021	\$110,403

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

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

Deferred Compensation Plan

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

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

Total contributions by the Commission are 4% of the covered payroll. The participant's contribution (4%), less any monthly fee required to cover the cost of administration and maintenance of the deferred compensation plan, is remitted to the designated company or companies. Benefits payable to participants are not the obligations of the Commission. Such benefits and other rights of the deferred compensation plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the deferred compensation plan each were approximately \$159,000 for the year ended December 31, 2022.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2022

6. Other Post-Employment Benefits

General Information about the OPEB Plan

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

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

Employees covered by benefit terms – At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	69
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>362</u>
	<u>431</u>

Total OPEB Liability

The Commission's total OPEB liability of \$23,823,973 was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2022.

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	4.0%, including inflation
Discount rate	2.06% annually (Beginning of Year to Determine ADC) 3.72% annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually for ten years, 4.5% thereafter
Mortality	RP-2014 Employee/Healthy Annuitant without projection

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2022, the end of the applicable measurement period.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2022.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements
December 31, 2022

6. Other Post-Employment Benefits (continued)

Changes in the Total OPEB Liability

Balance at December 31, 2021	\$ 22,906,498
Changes for the year:	
Service cost	563,834
Interest	457,465
Differences between expected and actual experience	17,092,639
Changes in assumptions	(15,797,542)
Benefit payments and net transfers	(1,398,921)
Net changes	<u>917,475</u>
Balance at December 31, 2022	<u>\$ 23,823,973</u>

The amount due within one year for the total OPEB Liability is estimated to be \$1,480,000.

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Commission, as well as what the Commission’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.72%) or 1-percentage-point higher (4.72%) than the current discount rate:

	1.0% Decrease (2.72%)	Current Rate (3.72%)	1.0% Increase (4.72%)
Total OPEB Liability	\$ 28,901,735	\$ 23,823,973	\$ 19,896,126

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

	1.0% Decrease (4.5%)	Current Rate (5.5%)	1.0% Increase (6.5%)
Total OPEB Liability	\$ 20,342,899	\$ 23,823,973	\$ 28,356,385

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

For the year ended December 31, 2022, the Commission recognized OPEB expense of \$1,725,081. At December 31, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,792,309	\$ (1,938,611)
Changes in assumptions	4,208,265	(13,653,017)
Total	<u>\$ 20,000,574</u>	<u>\$ (15,591,628)</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements
December 31, 2022

6. Other Post-Employment Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(continued)

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

Years ending December 31,:	
2023	\$ 703,781
2024	703,781
2025	703,781
2026	900,055
2027	294,020
Thereafter	<u>1,103,528</u>
	<u>\$ 4,408,946</u>

7. Long-Term Liabilities

The following is a summary of the changes in general long-term obligations for the year ended December 31, 2022:

	<u>Beginning of Year Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of Year Balance</u>
Tax revenue bonds	\$ 17,085,000	\$ -	\$ 4,135,000	\$ 12,950,000
Lease debt	55,345	-	55,345	-
Compensated absences payable	3,990,859	3,907,481	3,829,156	4,069,184
Claims payable	1,595,000	6,114,716	6,149,716	1,560,000
	<u>\$ 22,726,204</u>	<u>\$ 10,022,197</u>	<u>\$ 14,169,217</u>	<u>\$ 18,579,184</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2022:

	<u>Current</u>	<u>Long-Term</u>
Tax revenue bonds	\$ 4,230,000	\$ 8,720,000
Compensated absences payable	3,500,000	569,184
Claims payable	650,000	910,000
	<u>\$ 8,380,000</u>	<u>\$ 10,199,184</u>

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2022**

7. Long-Term Liabilities (continued)

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

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

In connection with the refunding, the Commission paid an up-front cost that resulted in an accounting loss of \$3,001,256 which will be systematically recognized over the life of the refunded bonds as an adjustment to interest expense and which is recognized as deferred outflow on the entity-wide financial statements. Through December 31, 2022, \$2,436,083 of the deferred outflow had been amortized to interest expense resulting in a remaining deferred amount on refunding of \$565,173 carried on the entity-wide statement of net position. Amortization of the loss for 2022 was \$233,864.

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

Bonds outstanding were as follows at December 31, 2022:

	<u>Date of Issue</u>	<u>Original Balance</u>	<u>Ending Balance</u>
Series 2012 A Limited Tax Revenue Refunding Bonds 2.13%	08/02/12	\$ 31,190,000	\$ 9,525,000
Series 2012 B Limited Tax Revenue Bonds 2.13%	11/06/12	13,000,000	3,425,000
		<u>\$ 44,190,000</u>	<u>\$ 12,950,000</u>

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 4,230,000	230,786	\$ 4,460,786
2024	4,315,000	139,781	4,454,781
2025	4,405,000	46,913	4,451,913
	<u>\$ 12,950,000</u>	<u>\$ 417,480</u>	<u>\$ 13,367,480</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2022**

8. Interfund Transactions

Interfund receivable/payable:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 19,742,439	\$ 310,211
Debt Service Fund	8,666,903	4,237,942
Enhancement Construction Fund	4,237,942	2,945,657
Capital Improvements Fund	115,931	9,402,101
Special Revenue Enhancement Fund	1,198,996	16,555,661
Internal Service Funds	156,236	666,875
	<u>\$ 34,118,447</u>	<u>\$ 34,118,447</u>

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

Transfers:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 3,074,385	\$ 1,685,255
Debt Service Fund	-	3,994,298
Enhancement Construction Fund	-	10,239,885
Special Revenue Enhancement Fund	15,919,438	-
Internal Service Funds	-	3,074,385
	<u>\$ 18,993,823</u>	<u>\$ 18,993,823</u>

The purpose of inter-fund transfers is to move property taxes collected by the Special Revenue Enhancement Fund in accordance with the terms of the general bond resolution of the Commission, to provide operating enhancements to the general fund, to provide monies for construction to the Enhancement Construction Fund and to cover required debt service payments. The General Fund also made transfers to the Risk Management and Unemployment Insurance internal service funds for payments of claims, judgements, and fees.

9. Risk Management

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

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

Worker's compensation and employee health plan losses are covered by excess insurance policies, and professional administrators are contracted by the Commission to adjust and manage their respective claims. The self-insured retainer for worker's compensation is \$800,000 per occurrence, and for employee health is \$125,000 per occurrence.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2022**

9. Risk Management (continued)

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

In accordance with GASB Codification Section C50 – “*Claims and Judgements*” the Commission accounts for and reports risk management activities in the internal service funds using the accrual basis of accounting. Claims paid under the self-insurance risk activities are recorded as expenses. There were no major changes in insurance coverage for the year ended December 31, 2022.

The Commission provides medical insurance benefits to its full-time employees who choose to participate. Employees pay the full cost of additional premiums for plans with higher coverage benefits. Cost to the Commission for employee health benefits in 2022 was \$5,547,212.

A reconciliation of the unpaid claims liabilities as of December 31, 2022 follows:

	Employee Benefits Fund	Risk Management Fund	Total
Unpaid claims as of January 1, 2022	\$ 200,000	\$ 1,395,000	\$ 1,595,000
Current year claims incurred and changes in estimates	5,647,212	502,504	6,149,716
Claims paid	(5,547,212)	(637,504)	(6,184,716)
Unpaid claims as of December 31, 2022	<u>\$ 300,000</u>	<u>\$ 1,260,000</u>	<u>\$ 1,560,000</u>

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

	Employee Benefits Fund	Risk Management Fund	Total
Short-term	\$ 300,000	\$ 350,000	\$ 650,000
Long-term	-	910,000	910,000
Total	<u>\$ 300,000</u>	<u>\$ 1,260,000</u>	<u>\$ 1,560,000</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2022**

10. Governmental Fund Balance

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

	<u>General</u>	<u>Capital Improvements</u>	<u>Debt Service</u>	<u>Enhancement Construction</u>
Nonspendable				
Inventory	\$ 588,793	\$ -	\$ -	\$ -
Spendable				
Restricted for:				
Capital Improvements	-	21,994,661	-	-
Debt Service	-	-	4,433,094	-
Committed to:				
Mineral Endowment	1,342,965	-	-	-
Assigned to:				
Strategic Master Plan	3,783,012	-	-	226,162
Self-Insurance	1,260,000	-	-	-
Retirement Benefit	23,823,973	-	-	-
Self-Insurance (Health)	300,000	-	-	-
YMCA CEA - Howell Place	100,000	-	-	-
Encumbrances	3,045,428	-	-	-
Working Capital	3,000,000	-	-	-
Emergency Funds and Other	3,000,000	-	-	-
Total Constrained Fund Balance	<u>40,244,171</u>	<u>21,994,661</u>	<u>4,433,094</u>	<u>226,162</u>
Unassigned Fund Balances	<u>21,444,341</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>\$ 61,688,512</u>	<u>\$ 21,994,661</u>	<u>\$ 4,433,094</u>	<u>\$ 226,162</u>

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

The working capital (assigned) minimum is \$3,000,000, with a target of 25% of self-generated revenues. That target level resulted in a fund balance target of \$3,000,000.

The emergency funds (assigned) minimum limit is \$3,000,000 with a target of 25% of self-generated revenues. That target level resulted in a fund balance target of \$3,000,000.

For unassigned fund balances, the desirable target is 50% of total revenues, yet it will not be allowed to fall below 20% of total revenues. The amount presented on the annual financial report for 2022 is \$21,444,341, which equals approximately 25% of total revenue. Within the policy guidelines above, the Commission has given management the authority to assign fund balance based on intentions for use.

Governmental Fund existing resources will be used to satisfy encumbrances. The following encumbered amounts are already included in the above restricted, committed, or assigned fund balance classifications at December 31, 2022:

General Fund	\$ 3,045,428
Capital Improvements Fund	2,690,794
Enhancement Construction Fund	1,699,038
Total governmental fund encumbrances	<u>\$ 7,435,260</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2022

11. Litigation and Claims

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

12. Commitments, Contingencies, and Subsequent Events

As of December 31, 2022, the Commission had entered into several contracts for a variety of park renovation projects. The obligations for funding those contracts are reflected within the encumbrance amounts presented in Note 10.

13. Deficit Net Position

A deficit net position exists in the Print Shop Fund of \$287,149. This deficit is expected to be resolved in the subsequent year through transfers from the General Fund.

14. Disaggregation of Accounts Payable and Accrued Liabilities

Accounts, salaries, and other payables as of December 31, 2022, were as follows:

Vendors	\$ 7,310,632
Salaries and benefits	1,334,641
Due to other governments	1,954,847
Accrued interest payable	45,972
	<u>\$ 10,646,092</u>

15. Services Contract

During 2021, the Commission entered into a contract with a vendor to install and maintain certain equipment at seven parks. The equipment is owned and maintained by the vendor for which the Commission pays a service fee each month. The contract is cancelable at any time at which time the Commission may purchase the assets for the net book value of the assets at the time of termination. For the year ended December 31, 2022, the Commission incurred approximately \$165,000 for these services.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2022

16. Current Accounting Standards Scheduled to be Implemented

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the Commission's financial report:

The Governmental Accounting Standards Board issued GASB Statement 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The Commission will include the requirements of this standard, as applicable, in its December 31, 2023 financial statement. The effect of this standard or its applicability to the Commission is unknown at this time.

GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement is intended to improve financial reporting in relation to these types of arrangements. The requirements of this statement are effective for periods beginning after June 15, 2022. The Commission will include the requirements of this statement, as applicable, in its December 31, 2023 financial statements. The effect of this statement or its applicability to the Commission is unknown at this time.

GASB Statement 96, *Subscription-Based Information Technology Arrangements*. This statement is intended to streamline the accounting for these types of arrangements with those arrangements listed under GASB 87. The requirements of this statement are effective for periods beginning after June 15, 2022. The Commission will include the requirement of this statement, as applicable, in its December 31, 2023 financial statements. The effect of this statement or its applicability to the Commission is unknown at this time.

17. Subsequent Event

Beginning January 2023, the Commission entered into a financing agreement for certain mower equipment. The agreement covers a four-year period with an original principal balance of \$615,000. Loan payments are \$14,514 per month including interest at 6.25% per year.

In November 2024, East Baton Rouge Parish residents approved a 10-year renewal of a total of 6.2 millages, that will fund general operations and improving buildings and grounds. The residents also approved a 20-year tax renewal of 3.253 millages that will fund the Commission's Strategic Master Plan.

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

BATON ROUGE, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION – PART II

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

General Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2022

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Local sources:				
Ad valorem taxes	\$ 44,232,401	\$ 44,232,401	\$ 46,013,871	\$ 1,781,470
Recreation activity fees	11,249,483	11,249,483	10,536,541	(712,942)
Other	248,152	248,152	1,285,541	1,037,389
Intergovernmental revenues:				
Revenue sharing	1,301,484	1,301,484	1,309,309	7,825
Restricted grants-in-aid	-	-	5,547	5,547
Total revenues	<u>57,031,520</u>	<u>57,031,520</u>	<u>59,150,809</u>	<u>2,119,289</u>
Expenditures:				
Current:				
Administrative and planning	62,658,121	62,658,121	20,020,233	42,637,888
Program activities	6,147,040	6,147,040	40,053,563	(33,906,523)
Capital outlay	3,645,216	3,645,216	2,860,132	785,084
Total expenditures	<u>72,450,377</u>	<u>72,450,377</u>	<u>62,933,928</u>	<u>9,516,449</u>
Excess (deficiency) of revenues over expenditures	<u>(15,418,857)</u>	<u>(15,418,857)</u>	<u>(3,783,119)</u>	<u>11,635,738</u>
Other financing sources (uses):				
Operating transfers out	(3,074,385)	(3,074,385)	(3,074,385)	-
Operating transfers in	1,427,017	1,427,017	1,685,255	258,238
Total other financing sources (uses)	<u>(1,647,368)</u>	<u>(1,647,368)</u>	<u>(1,389,130)</u>	<u>258,238</u>
Changes in fund balance	(17,066,225)	(17,066,225)	(5,172,249)	11,893,976
Fund balances, December 31, 2021	<u>66,860,761</u>	<u>66,860,761</u>	<u>66,860,761</u>	-
Fund balances, December 31, 2022	<u>\$ 49,794,536</u>	<u>\$ 49,794,536</u>	<u>\$ 61,688,512</u>	<u>\$ 11,893,976</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Special Revenue Enhancement Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2022

	Special Revenue Enhancement Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:				
Taxes:				
Ad valorem	\$ 15,708,297	\$ 15,708,297	\$ 16,340,952	\$ 632,655
Earnings on investments	58,070	58,070	40,073	(17,997)
Total revenues	<u>15,766,367</u>	<u>15,766,367</u>	<u>16,381,025</u>	<u>614,658</u>
Expenditures:				
Current:				
Administrative and planning	358,212	358,212	461,587	(103,375)
Total expenditures	<u>358,212</u>	<u>358,212</u>	<u>461,587</u>	<u>(103,375)</u>
Excess (deficiency) of revenues over expenditures	<u>15,408,155</u>	<u>15,408,155</u>	<u>15,919,438</u>	<u>511,283</u>
Other financing sources (uses):				
Operating transfers out	<u>(15,408,155)</u>	<u>(15,408,155)</u>	<u>(15,919,438)</u>	<u>(511,283)</u>
Total other financing sources (uses)	<u>(15,408,155)</u>	<u>(15,408,155)</u>	<u>(15,919,438)</u>	<u>(511,283)</u>
Changes in fund balance	-	-	-	-
Fund balances, December 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Schedule of Changes in Total OPEB Liability and Related Ratios
For the Years Ended December 31st:**

Financial Statement Reporting Date	Measurement Date	Service Cost	Interest	Difference between actual and expected experience	Changes of assumptions	Benefit payments	Net change in Total OPEB Liability	Total OPEB Liability - Beginning	Total OPEB Liability - Ending	Covered Payroll	Total OPEB Liability as a Percentage of Covered Payroll
12/31/2022	12/31/2022	\$ 563,834	\$ 457,465	\$ 17,092,639	\$(15,797,542)	\$(1,398,921)	\$ 917,475	\$ 22,906,498	\$ 23,823,973	\$ 18,321,750	130.03%
12/31/2021	12/31/2021	644,825	425,019	1,848,988	233,102	(586,993)	2,564,941	20,341,557	22,906,498	19,147,193	119.63%
12/31/2020	12/31/2020	486,477	567,813	(3,877,215)	2,699,573	(516,415)	(639,767)	20,981,324	20,341,557	18,410,762	110.49%
12/31/2019	12/31/2019	341,465	631,998	860,878	3,904,446	(344,114)	5,394,673	15,586,651	20,981,324	16,765,909	125.14%
12/31/2018	12/31/2018	316,964	555,448	434,321	(1,522,473)	(688,689)	(904,429)	16,491,080	15,586,651	16,121,062	96.69%

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

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

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

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

Changes of assumptions - the discount rate as of 12/31/19 was 2.74% and it changed to 2.12% as of 12/31/20.

Changes of assumptions - the discount rate as of 12/31/20 was 2.12% and it changed to 2.06% as of 12/31/21.

Changes of assumptions - the discount rate as of 12/31/20 was 2.12% and it changed to 3.72% as of 12/31/22.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Schedule of Proportionate Share of the Net Pension Liability
Cost-Sharing Defined Benefit Plan
For the Years Ended December 31st (*)**

	2022	2021	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability	14.3027%	14.6164%	13.6670%	12.7513%	12.1652%	12.2059%	11.4766%	11.4482%
Employer's Proportionate Share of the Net Pension Liability	\$ 73,547,051	\$ 85,417,981	\$ 86,008,224	\$ 93,522,057	\$ 65,136,770	\$ 72,533,771	\$ 66,194,382	\$ 50,341,635
Employer's Covered Payroll	\$ 20,234,075	\$ 19,746,046	\$ 17,579,655	\$ 17,142,545	\$ 16,700,037	\$ 16,360,826	\$ 15,911,560	\$ 15,134,118
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	363.5%	432.6%	489.2%	545.6%	390.0%	443.3%	416.0%	332.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.35%	68.78%	65.47%	59.36%	68.80%	64.09%	63.95%	70.95%

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

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

Changes of assumptions:

For the year ended December 31, 2015:

The discount rate was changed from 7.50% to 7.25%.

For the year ended December 31, 2018:

The projected salary increases was changed from 3.75% to 3.50%.

The aggregate payroll growth was changed from 5.0% to 2.50%.

For the year ended December 31, 2019:

The discount rate was changed from 7.25% to 7.04%.

For the year ended December 31, 2020:

The discount rate was changed from 7.04% to 7.00%.

The inflation rate was changed from 2.75% to 2.25%.

For the year ended December 31, 2021:

No changes of assumptions.

For the year ended December 31, 2022:

The expected remaining service lives were reduced from 5 years to 4 years.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Schedule of Employer Contributions
Cost-Sharing Defined Benefit Plan
For the Years Ended December 31st**

	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution ¹	\$ 7,558,574	\$ 7,761,791	\$ 7,345,529	\$ 6,170,459	\$ 6,083,889	\$ 5,480,952	\$ 5,132,391
Contributions in relation to Contractually Required Contribution ²	7,558,574	7,761,791	7,345,529	6,170,459	6,083,889	5,480,952	5,132,391
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Covered Payroll ³	\$ 19,500,965	\$ 20,234,075	\$ 19,746,046	\$ 17,579,655	\$ 17,142,545	\$ 16,700,037	\$ 16,360,826
Contributions as a Percentage of Covered Payroll	38.76%	38.36%	37.20%	35.10%	35.49%	32.82%	31.37%

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

For reference only:

¹ Employer contribution rate multiplied by employer's covered payroll.

² Actual employer contributions remitted at retirement system.

³ Employer's covered payroll amount for the current fiscal year end.

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

BATON ROUGE, LOUISIANA

OTHER SUPPLEMENTAL INFORMATION

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Schedule of Compensation Paid to the Head of Commission
 For the Year Ended December 31, 2022

Superintendent:	Corey Wilson
Purpose	Amount
Salary	\$ 192,689
Benefits - life insurance	1,858
Benefits - medical insurance (commission paid)	11,486
Benefits - retirement system contributions/mandatory	74,686
Car allowance	7,727
Telecommunications	1,398
Dues	900
Reimbursements	286
Conference travel	3,991
	\$ 295,021

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

General Fund Combining Schedule
Balance Sheet
December 31, 2022

	General Fund	Enhancement Operating Fund	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ (3,650,968)	\$ 6,328,323	-	\$ 2,677,355
Ad valorem taxes receivable, net	46,265,770	-	-	46,265,770
Due from governments and other	1,276,154	-	-	1,276,154
Inventory	588,793	-	-	588,793
Due from other funds	13,072,671	7,772,827	(1,103,059)	19,742,439
Total assets	<u>57,552,420</u>	<u>14,101,150</u>	<u>(1,103,059)</u>	<u>70,550,511</u>
DEFERRED OUTFLOWS				
	-	-	-	-
Total assets and deferred outflows	<u>\$ 57,552,420</u>	<u>\$ 14,101,150</u>	<u>\$ (1,103,059)</u>	<u>\$ 70,550,511</u>
LIABILITIES				
Accounts payable	2,634,935	924,168	-	3,559,103
Accrued expenses payable	1,873,942	441,246	-	2,315,188
Due to other funds	310,102	1,103,168	(1,103,059)	310,211
Total liabilities	<u>4,818,979</u>	<u>2,468,582</u>	<u>(1,103,059)</u>	<u>6,184,502</u>
DEFERRED INFLOWS				
	2,677,497	-	-	2,677,497
FUND BALANCE				
Nonspendable	588,793	-	-	588,793
Spendable:				
Restricted	-	-	-	-
Committed	1,342,965	-	-	1,342,965
Assigned	32,496,129	5,816,284	-	38,312,413
Unassigned	15,628,057	5,816,284	-	21,444,341
Total fund balance	<u>50,055,944</u>	<u>11,632,568</u>	<u>-</u>	<u>61,688,512</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 57,552,420</u>	<u>\$ 14,101,150</u>	<u>\$ (1,103,059)</u>	<u>\$ 70,550,511</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

General Fund Combining Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
December 31, 2022

	General Fund	Enhancement Operating Fund	Eliminations	Total
REVENUES				
Local sources:				
Ad valorem taxes	\$ 46,013,871	\$ -	\$ -	\$ 46,013,871
Recreation activity fees	10,536,541	-	-	10,536,541
Earnings on investments	451,340	107,212	-	558,552
Donations and miscellaneous	724,904	2,085	-	726,989
Intergovernmental revenues:				
Revenue sharing	1,309,309	-	-	1,309,309
Restricted grants-in-aid	5,547	-	-	5,547
Total revenues	<u>59,041,512</u>	<u>109,297</u>	<u>-</u>	<u>59,150,809</u>
EXPENDITURES				
Current:				
Administrative and planning	16,311,626	3,708,607	-	20,020,233
Maintenance department operations	12,529,804	-	-	12,529,804
Recreation program operations	13,031,168	-	-	13,031,168
Golf operations	6,601,867	-	-	6,601,867
Zoo operations	6,164,223	-	-	6,164,223
Aquatics and therapeutics	1,103,553	-	-	1,103,553
COVID-19 relief operations	617,361	-	-	617,361
Debt service:				
Lease payment	-	5,587	-	5,587
Intergovernmental	1,726	-	-	1,726
Capital outlay	61,933	2,796,473	-	2,858,406
Total expenditures	<u>56,423,261</u>	<u>6,510,667</u>	<u>-</u>	<u>62,933,928</u>
Excess of revenues over (under) expenditures	<u>2,618,251</u>	<u>(6,401,370)</u>	<u>-</u>	<u>(3,783,119)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,074,385)	-	-	(3,074,385)
Transfers in	-	1,685,255	-	1,685,255
Total other financing sources (uses)	<u>(3,074,385)</u>	<u>1,685,255</u>	<u>-</u>	<u>(1,389,130)</u>
CHANGES IN FUND BALANCE	<u>(456,134)</u>	<u>(4,716,115)</u>	<u>-</u>	<u>(5,172,249)</u>
Fund Balance, December 31, 2021	<u>50,512,078</u>	<u>16,348,683</u>	<u>-</u>	<u>66,860,761</u>
Fund Balance, December 31, 2022	<u>\$ 50,055,944</u>	<u>\$ 11,632,568</u>	<u>\$ -</u>	<u>\$ 61,688,512</u>

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

BATON ROUGE, LOUISIANA

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Recreation and Park Commission for the Parish of East Baton Rouge ("Commission") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated December 19, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-001 and 2022-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-002 and 2022-004 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-002 and 2022-004.

Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
December 19, 2024



RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Schedule of Findings and Responses For the Year Ended December 31, 2022

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unmodified opinion on the basic financial statements of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission).
2. Two material weaknesses in internal control over financial reporting were identified for the year ended December 31, 2022. There were two significant deficiencies in internal control over financial reporting that were not considered to be material weaknesses.
3. Two instances of noncompliance material to the financial statements of the Recreation and Park Commission for the Parish of East Baton Rouge were disclosed during the audit for the year ended December 31, 2022.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2022-001 General Ledger Account Reconciliations

Criteria: To ensure the accuracy of accounting records and serve as a means to detect potential improper activity, the general ledger accounting records should be reconciled on a timely basis.

Condition: General ledger accounts were not reconciled to bank account statements until after the fiscal year. The resulting bank reconciliations contain immaterial unreconciled differences. Additionally, payroll benefit liability accounts were not reconciled to underlying payroll and benefit records and inventory accounts were not reconciled to the underlying inventory records.

Cause: A software conversion and turnover in key staff resulted in cash, payroll, and inventory accounts not being reconciled timely.

Effect: Without reconciliations for bank accounts, payroll benefit liabilities, and inventory being performed timely and accurately, the accounting records may be inaccurate and improper activity may not be detected.

Recommendation: We recommend the Recreation and Park Commission for the Parish of East Baton Rouge (“BREC”) adopt procedures to ensure that bank accounts, payroll benefit liability, and inventory accounts are reconciled accurately and timely on a monthly basis.

Repeat Finding: Yes.

Management's Response:

The Finance Department has recently filled key professional level accountant positions to assist with performing monthly bank reconciliations and is currently working on workflow process training and process mapping to document the procedures necessary for timely completion of reconciliations in future audits. Moreover, the Finance Department has been working collaboratively with Human Resources to identify the supporting documentation needed to ensure common discrepancies (i.e.: prior period adjustments, etc.) and the various employee benefits (i.e.: active vs. retiree benefits) are delineated with the appropriate level of supporting documentation. The mapping process is currently being tested through normal workflow to identify any additional challenges that may occur to ensure timely reconciliations. Finally, in terms of inventory, the filling of two critical positions (Purchasing Manager and Procurement Specialist) will play a huge role in resolving the various challenges surrounding timely inventory reconciliations. These positions are currently advertised.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Schedule of Findings and Responses For the Year Ended December 31, 2022

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2022-002 Timely Filing of Report with Louisiana Legislative Auditor

Criteria: In accordance with R.S. 24:513, any local auditee that receives public assistance of \$500,000 or more in revenues and other sources in any one fiscal year must be audited annually and the annual audit reporting package must be submitted to the Louisiana Legislative Auditor. The due date for the audit reporting package is six months after the organization's fiscal year end.

Condition: BREC was required to have the audit completed by the filing deadline of June 30, 2023. BREC did not comply with the timeline established by regulation and therefore a finding is required by the Louisiana Legislative Auditor.

Cause: Due to staffing issues, the year-end close out procedures were not performed on a timely basis and resulted in delays in providing the needed information to the auditors necessary for the timely filing of the audit report with the Louisiana Legislative Auditor.

Effect: If BREC is non-compliant in the future it may result in it being placed on the non-compliance list maintained by the Louisiana Legislative Auditor. In addition, R.S. 39:72.1 prohibits the payment of funds appropriated to an agency that is not in compliance with the State Audit Law.

Recommendation: BREC should ensure proper staffing is maintained to complete year-end close out procedures on a timely basis to allow sufficient time for the auditor to complete their procedures and meet future deadlines.

Repeat Finding: Yes.

Management's Response:

BREC has hired professional level accountants to align with a structural reorganization of the Finance Department to ensure close out procedures are developed through written SOPs and a consistent level of responsibilities are disseminated to the appropriate Finance personnel in completing the close out process timely for audit purposes. Moreover, stop-gap measures such as utilization of overtime and limitations on leave approval during the year-end close out process can also serve to ensure timely completion. Again, SOPs will be developed to document responsibilities and provide a consistent process moving forward.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Schedule of Findings and Responses For the Year Ended December 31, 2022

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2022-003 Maintenance of Construction-in-Progress Schedules

Criteria: In order to properly record assets related to ongoing construction projects, and properly delineate capitalized expenditures and those that are below the capitalization threshold or otherwise not subject to capitalization, it is important that BREC maintain complete and accurate project accounting records.

Condition: The construction-in-progress schedule is maintained in a spreadsheet requiring manual adjustments in order to properly reflect the assets at year-end. The schedule provided required material corrections to identify costs that were beneath the capitalization threshold, or should not have been initially included as a capital cost. Additionally, corrections were required to properly identify and report projects completed and placed into service.

Cause: BREC did not have appropriate procedures and controls implemented to accumulate and report accurate capital project costs.

Effect: Material adjustments were required to the schedule in order to report complete and accurate capital project costs.

Recommendation: We recommend BREC adopt procedures and controls to ensure that capital project costs are reported completely and accurately.

Repeat Finding: No.

Management's Response:

In order to eliminate the use of manual spreadsheets, BREC has contracted with an outside firm to convert our old legacy data to the new asset management software currently being utilized in order to run system generated reports to provide the construction in progress information more efficiently and timely. It is anticipated that the reporting capabilities will be ready for production in March 2025.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Schedule of Findings and Responses For the Year Ended December 31, 2022

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2022-004 Payroll Separation Payments

Criteria: In order to ensure that final payroll termination payments are accurate, controls should provide for appropriate review and oversight prior to disbursement. Article VII, § 14 of the Louisiana Constitution prohibits the payment of unearned payment to public employees.

Condition: During 2022, three employees were incorrectly paid twice totaling approximately \$42,000 for their respective final payroll termination payment in violation of the Louisiana Constitution.

Cause: Due to a transition in payroll systems, BREC did not have appropriate procedures and controls implemented to accumulate and report accurate final payroll termination payments.

Effect: While BREC was able to recoup the funds paid in error, final payroll termination payments were initially disbursed and identified by a third party.

Recommendation: We recommend BREC adopt procedures and controls to ensure that final payroll termination payments are reported accurately.

Repeat Finding: No.

Management's Response:

BREC established specific exception reports shortly after this incident occurred within the new financial software system to validate the amounts being considered at the time of an employee's separation from BREC, outside of normal work scheduled hours. BREC will document this report as part of the validation process and document that verification, mutual agreement, and approval is required by Human Resources and Finance before any separation payments are disbursed.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Summary Schedule of Prior Year Audit Findings

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2021-001 General Ledger Account Reconciliations

Criteria: To ensure the accuracy of accounting records and serve as a means to detect potential improper activity, the general ledger accounting records should be reconciled on a timely basis.

Condition: General ledger accounts were not reconciled to bank account statements until after the fiscal year. The resulting bank reconciliations contain immaterial unreconciled differences. Additionally, payroll benefit liability accounts were not reconciled to underlying payroll and benefit records and inventory accounts were not reconciled to the underlying inventory records.

Cause: A software conversion and turnover in key staff resulted in cash, payroll, and inventory accounts not being reconciled timely.

Effect: Without reconciliations for bank accounts, payroll benefit liabilities, and inventory being reconciled timely and accurately, the accounting records may be inaccurate and improper activity may not be detected.

Recommendation: We recommend the Recreation and Park Commission for the Parish of East Baton Rouge (“BREC”) adopt procedures to ensure that bank accounts, payroll benefit liability, and inventory accounts are reconciled accurately and timely on a monthly basis.

Current Year Status: Not resolved. See current year finding 2022-001.

2021-002 Timely Filing of Report with Louisiana Legislative Auditor

Criteria: In accordance with R.S. 24:513, any local auditee that receives public assistance of \$500,000 or more in revenues and other sources in any one fiscal year must be audited annually and the annual audit reporting package must be submitted to the Louisiana Legislative Auditor. The due date for the audit reporting package is six months after the organization’s fiscal year end.

Condition: BREC was required to have the audit completed by the filing deadline of June 30, 2022. BREC did not comply with the timeline established by regulation and therefore a finding is required by the Louisiana Legislative Auditor.

Cause: Due to staffing issues, the year-end close out procedures were not performed on a timely basis and resulted in delays in providing the needed information to the auditors necessary for the timely filing of the audit report with the Louisiana Legislative Auditor.

Effect: If BREC is non-compliant in the future it may result in it being placed on the non-compliance list maintained by the Louisiana Legislative Auditor. In addition, R.S. 39:72.1 prohibits the payment of funds appropriated to an agency that is not in compliance with the State Audit Law.

Recommendation: BREC should ensure proper staffing is maintained to complete year-end close out procedures on a timely basis to allow sufficient time for the auditor to complete their procedures and meet future deadlines.

Current Year Status: Not resolved. See current year finding 2022-002.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Summary Schedule of Prior Year Audit Findings

A. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2021-003 Local Government Budget Act

Criteria: Louisiana Revised Statute 38:1311 requires the entity to revise its budget when total revenues or total expenditures and other sources or uses plus projected revenues or expenditures and other sources or uses for the remainder of the year, within a fund, are failing to meet total budgeted revenues or expenditures and other sources or uses unfavorably by five percent or more. Louisiana Revised Statute 39:1305 requires governments to prepare and adopt a comprehensive budget presenting a complete financial plan each fiscal year for the General Fund and each Special Revenue Fund.

Condition: Based on the last budget adopted by BREC prior to the end of its fiscal year, the Special Revenue Enhancement Fund had an unfavorable budget variation for expenditures.

Cause: BREC did not adopt an amended budget for the Special Revenue Enhancement Fund when actual expenditures were projected to exceed budgeted expenditures by more than five percent.

Effect: BREC is not in compliance with the requirements of the Local Government Budget Act.

Recommendation: We recommend BREC adopt procedures to ensure that budget amendments for any funds with unfavorable variances of five percent or more are adopted prior to the end of the fiscal year.

Current Year Status: The matter did not occur during the year under audit. Thus, the matter is considered resolved.

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

United States Department of Homeland Security

Passed Through:

Governor's Office of Homeland Security and Emergency Preparedness

Grant Number: FEMA-DR-4277

97.036 FEMA Disaster Relief – Public Assistance

Compliance Areas: Allowable Costs and Procurement

2021-004 Written Policies and Procedures over Federal Grants

Criteria: The Uniform Guidance requires written policies and procedures documenting how the organization determines the allowable costs eligible for reimbursement with federal funds as well as written policies and procedures documenting how the organization complies with the federal procurement standards.

Condition: BREC does not currently maintain written policies and procedures for determining allowable costs and compliance with procurement requirements in accordance with 2 CFR 200.318-326.

Questioned Costs: Not applicable.

Cause: Written policies and procedures over allowable costs and procurement have not been developed.

Effect: Written policies and procedures over allowable costs and procurement are not available to guide staff responsible for federal expenditures.

Recommendation: We recommend that BREC develop written policies and procedures for determining allowable costs and for procurement under the Uniform Guidance.

Current Year Status: No single audit was required for the period under audit.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Summary Schedule of Prior Year Audit Findings

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT (CONTINUED)

2021-005 Timely Filing of the Federal Data Collection Form

Criteria: The Office of Management and Budget (OMB) designated the Census Bureau as the National Clearinghouse (or Federal Audit Clearinghouse (FAC) for the receipt of Single Audit Reports from state and local governments (later to include nonprofit organizations). In this capacity, the Census Bureau serves as the central collection point and repository for audit reports prepared and submitted under provisions of the Single Audit Act of 1984 (amended in 1996), and Uniform Guidance. States, local governments, Indian Tribes or Tribal Organizations, institutions of higher education (IHEs), and nonprofit organizations that annually expend \$750,000 or more in federal awards must perform a Single Audit and complete Form SFSAC for every fiscal period during which they meet the reporting dollar threshold. The central collection point for single audit reports is the Federal Audit Clearing House Internet Data Entry System (IDES) website. Without any waivers, the report is due no later than nine months after an entity's year end.

Condition: The single audit report with the Federal Audit Clearing House was not submitted in the timeline established by regulation.

Questioned Costs: Not applicable.

Cause: A software conversion and turnover in key staff resulted in general ledger accounts not being reconciled timely. This resulted in the performance of the single audit being delayed.

Effect: The lack of timely filing may result in delays or denial of federal grant assistance.

Recommendation: The federal data collection form should be filed timely.

Current Year Status: No single audit was required for the period under audit.