

EISNERAMPER

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

**ANNUAL FINANCIAL REPORT
DECEMBER 31, 2021**



RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

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RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of 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, 2021, 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, 2021, 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 Auditor's 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 and *Government 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.

Supplementary 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 the Schedule of Compensation Paid to the Head of Commission, the General Fund Combining Schedules, and schedule of expenditures of federal awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 Schedule of Compensation Paid to the Head of Commission, the General Fund Combining Schedules, and the Schedule of Expenditures of Federal Awards and related notes 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 June 4, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's 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
June 4, 2024



EisnerAmper LLP
www.eisneramper.com

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, 2021

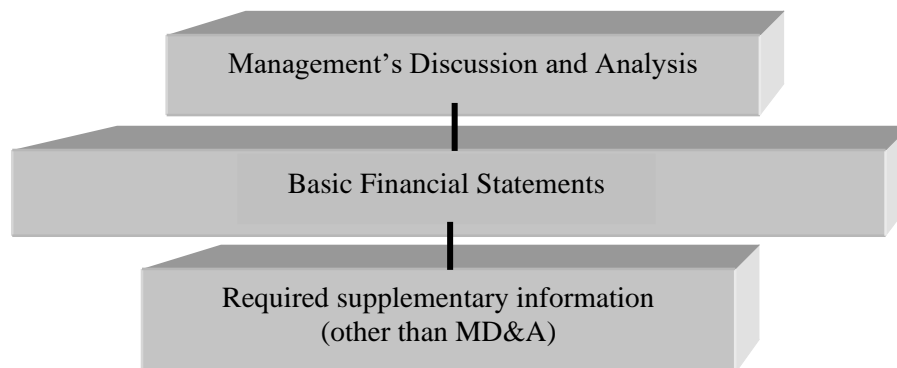
As financial management of the Recreation and Park Commission for the Parish of East Baton Rouge (BREC or the Commission) we offer readers of these financial statements an overview and analysis of BREC's financial activities. This narrative is designed to assist readers in focusing on significant financial 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, 2021 by \$179,809,011 (net position). Most of this amount is comprised of the Commission's investment in capital assets (\$174,767,021) and amounts restricted to capital projects or debt service requirements (\$26,377,926).
- ★ As of December 31, 2021, the governmental funds reported combined ending fund balances of \$98,607,115, a decrease of \$16,117,797 in comparison with the prior year ending fund balance. In 2020, as a result of the COVID-19 pandemic and related stay-at-home orders, recreation fee income declined. While these fees recovered in 2021, the impact was offset by decreases in ad valorem tax collections and grant revenues, as well as increases in intergovernmental and capital outlay costs. Approximately 17% of the fund balance, \$17,230,796, 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, 2021

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

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

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

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

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

Proprietary funds. *Proprietary funds* consist of internal service funds and are an accounting device used to accumulate and allocate costs internally among the Commission's various functions. The Commission uses internal service funds to account for its employee benefits, risk management, 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, 2021**

FINANCIAL ANALYSIS OF THE ENTITY

The following table reflects the condensed Statement of Net Position for 2021 and 2020:

Condensed Statements of Net Position
as of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current and other assets	\$ 117,347,127	\$ 128,079,313
Capital assets	191,108,329	176,762,760
Total assets	<u>308,455,456</u>	<u>304,842,073</u>
Deferred outflows	<u>30,177,743</u>	<u>26,847,116</u>
Liabilities		
Current liabilities	11,369,679	6,061,417
Non-current liabilities		
Due within one year	6,585,345	6,283,222
Due in more than one year	124,465,338	127,055,022
Total liabilities	<u>142,420,362</u>	<u>139,399,661</u>
Deferred inflows	<u>16,403,826</u>	<u>11,714,367</u>
Net position		
Net investment in capital assets	174,767,021	156,475,320
Restricted	26,377,926	25,967,357
Unrestricted	<u>(21,335,936)</u>	<u>(1,867,516)</u>
Total net position	<u>\$ 179,809,011</u>	<u>\$ 180,575,161</u>

- Approximately 97% of the Commission’s net position as of December 31, 2021 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 15% 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, a deficit of approximately \$21 million, 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, 2021**

The following table provides a summary of the changes in net position for the years ended 2021 and 2020:

Condensed Statements of Revenues and Expenses
For the Years Ended December 31, 2021 and 2020

	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 9,895,137	\$ 6,966,135
Capital grants and contributions	1,164,487	698,965
General revenues		
Ad valorem tax	70,201,955	66,113,038
State revenue sharing	1,604,979	1,600,311
Other general revenues	973,237	1,396,193
	<u>83,839,795</u>	<u>76,774,642</u>
Expenses		
Administration and planning	27,115,554	22,700,633
Maintenance department operations	14,815,510	14,678,429
Recreation program operations	22,127,075	21,506,510
Golf operations	7,161,898	7,550,410
Zoo perations	6,681,793	6,861,913
Aquatics and therapeutics	1,218,489	741,589
Interest on long-term debt	634,442	732,283
Intergovernmental	4,851,184	150,000
	<u>84,605,945</u>	<u>74,921,767</u>
Change in net position	<u>\$ (766,150)</u>	<u>\$ 1,852,875</u>
Net position, beginning of year	<u>180,575,161</u>	<u>178,722,286</u>
Net position, end of year	<u>\$ 179,809,011</u>	<u>\$ 180,575,161</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 2021 as a result of changes in the underlying property value assessments. Additionally, in July 2020, the Commission voted to roll back its millages to 13.702 mills, less than the voter approved 14.463. For 2021, the millages were restored to their voter approved rates. The charges for services experienced a 42% increase. Some of the drivers of this increase is a result of reduced revenue generated from summer camps, sports activities, and fewer related activities in 2020 due to the closure or reduced capacity of facilities as a result of the COVID-19 pandemic resulting in government-mandated stay-at-home order. Charges for services revenue is also heavily dependent upon the weather conditions during any one year as a number of facilities are outdoors.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Management's Discussion and Analysis As of December 31, 2021

The Commission's expenses, overall, increased approximately \$9,700,000, or 12.9% between 2021 and 2020 largely because of increased operational costs. These costs increased as a result of more activities, camps, events, etc. as a result of the 2020 stay-at-home mandates related to the COVID-19 pandemic. The General Fund (where most operations are accounted for) experienced an increase in expenditures of approximately \$11,570,000, or 22%. This increase is a result of increased recreation program operational costs, as well as additional costs for intergovernmental and capital outlay expenses.

FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

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

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

The General Fund is the primary operating fund of the Commission. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$17,230,796, while total fund balance of the General Fund was \$66,860,761. Compared with total General Fund balance of \$70,717,154 at the end of 2020, fund balance decreased \$3,856,393 during 2021. The fund balance decrease is a result of increased intergovernmental and capital outlay expenses. 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 \$31,746,354 of fund balance which is either restricted, committed or assigned for various purposes including debt payments and capital improvements, or assigned for certain uses as determined by management. The Commission also maintains an Enhancement Operating Fund that accounts for the portion of a certain millage that is earmarked for operating supplements under the Imagine Your Parks Strategic Master Plan that is combined with the General Fund for presentation in accordance with GASB 54. Combining General Fund financial statements show the components of the General Fund.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Commission's capital assets as of December 31, 2021, total \$191,108,329 (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 59% of depreciable capital assets. Capital asset additions in 2021 were approximately 15% 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, 2021

Capital Assets at December 31 (Net of Depreciation)

	2021	2020
Land	\$ 29,901,297	\$ 29,924,067
Construction in progress	35,578,039	18,220,900
Moveable Property and Equipment	5,570,218	5,685,994
Immoveable Property	120,058,775	122,931,799
Totals	<u>\$ 191,108,329</u>	<u>\$ 176,762,760</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 2021 of the Capital Improvements Fund were \$10,551,125. 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 2021 of the Enhancement Construction Fund were \$18,181,431. The combined total expenditures of the two capital projects funds were \$28,732,556 and \$14,216,562 in 2021 and 2020, respectively.

Some of the more significant capital improvements during the 2021 fiscal year included construction, renovation and/or design costs for projects at the following locations: Howell Community Park, Frenchtown Road Conservation Area Jackson Park, Greenwood Park and the Baton Rouge Zoo.

Long-term debt

At the end of the calendar year 2021, the Commission had total bonded debt outstanding of \$17,085,000, compared to bonded debt outstanding as of December 31, 2020 of \$21,140,000. This decrease reflects principal payments on the bonds that were made according to schedule. A capital lease was entered into during fiscal year 2018 for the purchase of mower equipment. The lease balance outstanding at December 31, 2021 was \$55,345. Long-term debt also includes the Commission's accrued compensated leave of \$3,990,859 and self-insurance claims payable of \$1,595,000. Other significant liabilities include the Commission's share of the City-Parish Employees' Retirement System net pension liability of \$85,417,981 and the total other post-employment benefits liability of \$22,906,498.

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 2022 budget:

- User fees will increase as a result of the continuing recovery from the effects of the pandemic.
- Operating expenses will increase due to pay adjustments to improve retention.
- Capital expenditures will continue from available pay-as-you-go tax revenue for parks and replacement of aging fleet and equipment. Major capital projects planned for 2022 include a new recreation center at Howell Community Park, a new community park at Airline Highway Park, and continued improvements at Greenwood Park and the Baton Rouge Zoo. Additional amounts include improvements to the LSU lakes through the cooperative endeavor agreement with LSU and the East Baton Rouge City-Parish government.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Management's Discussion and Analysis As of December 31, 2021

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.

BASIC FINANCIAL STATEMENTS

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Statement of Net Position

December 31, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 45,304,960
Ad valorem taxes receivable, net	69,793,340
Due from other governments and other	1,729,294
Inventory	519,533
Capital assets - non-depreciable	65,479,336
Capital assets - depreciable, net	<u>125,628,993</u>
Total assets	<u>308,455,456</u>
DEFERRED OUTFLOWS	
Loss on bond refunding	799,037
Total other post-employment benefit (OPEB) liability	7,518,926
Net pension liability	<u>21,859,780</u>
Total deferred outflows	<u>30,177,743</u>
LIABILITIES	
Accounts payable	8,704,529
Accrued expenses payable	2,665,150
Long-term liabilities:	
Due within one year (bonds, lease, compensated absences, claims)	5,965,345
Due within one year (total other post-employment benefits liability)	620,000
Due in more than one year (bonds, lease, compensated absences, claims)	16,760,859
Total other post-employment benefits liability	22,286,498
Net pension liability	<u>85,417,981</u>
Total liabilities	<u>142,420,362</u>
DEFERRED INFLOWS	
Total other post-employment benefit (OPEB) liability	3,701,295
Net pension liability	<u>12,702,531</u>
Total deferred inflows	<u>16,403,826</u>
NET POSITION	
Net investment in capital assets	174,767,021
Restricted	
Capital projects	21,545,643
Debt service	4,832,283
Unrestricted	<u>(21,335,936)</u>
Total net position	<u>\$ 179,809,011</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Statement of Activities

For the Year Ended December 31, 2021

<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	\$ 27,115,554	\$ 184,206	\$ -	\$ (26,931,348)
Maintenance department operations	14,815,510	-	-	(14,815,510)
Recreation program operations	22,127,075	3,289,713	1,164,487	(17,672,875)
Golf operations	7,161,898	4,217,746	-	(2,944,152)
Zoo operations	6,681,793	2,203,472	-	(4,478,321)
Aquatics and therapeutics	1,218,489	-	-	(1,218,489)
Interest Expense	634,442	-	-	(634,442)
Intergovernmental	4,851,184	-	-	(4,851,184)
	<u>\$ 84,605,945</u>	<u>\$ 9,895,137</u>	<u>\$ 1,164,487</u>	<u>\$ (73,546,321)</u>
			<u>General Revenues</u>	
			Property taxes	70,201,955
			State revenue sharing	1,604,979
			Earnings on investments	281,746
			Miscellaneous	691,491
			Total general revenues	<u>72,780,171</u>
			Change in Net Position	(766,150)
			Net Position - December 31, 2020	<u>180,575,161</u>
			Net Position - December 31, 2021	<u>\$ 179,809,011</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Governmental Funds
Balance Sheet
December 31, 2021

	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	NON-MAJOR FUND Debt Service Fund	Total
ASSETS						
Cash and cash equivalents	\$ 8,288,480	\$ 22,944,501	\$ 8,498,584	\$ 163,952	\$ 463,973	\$ 40,359,490
Ad valorem taxes receivable, net	44,212,400	9,882,325	-	15,698,615	-	69,793,340
Due from governments and other	1,525,807	203,487	-	-	-	1,729,294
Inventory	519,533	-	-	-	-	519,533
Due from other funds	19,471,743	115,931	4,237,942	1,529,862	8,666,903	34,022,381
Total assets	<u>74,017,963</u>	<u>33,146,244</u>	<u>12,736,526</u>	<u>17,392,429</u>	<u>9,130,876</u>	<u>146,424,038</u>
DEFERRED OUTFLOWS	-	-	-	-	-	-
Total assets and deferred outflows	<u>\$ 74,017,963</u>	<u>\$ 33,146,244</u>	<u>\$ 12,736,526</u>	<u>\$ 17,392,429</u>	<u>\$ 9,130,876</u>	<u>\$ 146,424,038</u>
LIABILITIES						
Accounts payable	3,140,249	1,149,313	3,397,934	442,132	-	8,129,628
Accrued expenses payable	1,366,299	539,487	754,292	-	-	2,660,078
Due to other funds	310,211	9,402,113	3,276,523	16,284,953	4,237,942	33,511,742
Total liabilities	<u>4,816,759</u>	<u>11,090,913</u>	<u>7,428,749</u>	<u>16,727,085</u>	<u>4,237,942</u>	<u>44,301,448</u>
DEFERRED INFLOWS	<u>2,340,443</u>	<u>509,688</u>	<u>-</u>	<u>665,344</u>	<u>-</u>	<u>3,515,475</u>
FUND BALANCE						
Nonspendable	519,533	-	-	-	-	519,533
Spendable:						
Restricted	-	21,545,643	-	-	4,892,934	26,438,577
Committed	1,342,965	-	-	-	-	1,342,965
Assigned	47,767,467	-	5,307,777	-	-	53,075,244
Unassigned	17,230,796	-	-	-	-	17,230,796
Total fund balance	<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>
Total liabilities, deferred inflows and fund balances	<u>\$ 74,017,963</u>	<u>\$ 33,146,244</u>	<u>\$ 12,736,526</u>	<u>\$ 17,392,429</u>	<u>\$ 9,130,876</u>	<u>\$ 146,424,038</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, 2021**

Total Fund Balances at December 31, 2021 - Governmental Funds		\$ 98,607,115
Cost of capital assets at December 31, 2021	374,126,740	
Less: Accumulated Depreciation as of December 31, 2021	<u>183,018,411</u>	191,108,329
Deferred inflows at December 31, 2021 (property tax and revenue sharing not available)		3,515,475
Deferred inflows at December 31, 2021 (net pension liability)		(12,702,531)
Deferred outflows at December 31, 2021 (loss on bond refunding)		799,037
Deferred outflows at December 31, 2021 (net pension liability)		21,859,780
Deferred inflows at December 31, 2021 (total OPEB liability)		(3,701,295)
Deferred outflows at December 31, 2021 (total OPEB liability)		7,518,926
Consolidation of internal service funds		2,320,509
Accrued interest on bonds payable		(60,651)
Long-term liabilities at December 31, 2021:		
Bonds payable	(17,085,000)	
Compensated absences payable	(3,990,859)	
Lease debt	(55,345)	
Net Pension Liability	(85,417,981)	
Total other post-employment benefit obligation	<u>(22,906,498)</u>	<u>(129,455,683)</u>
Total net position at December 31, 2021 - Governmental Activities		<u>\$ 179,809,011</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, 2021

	General Fund	Capital Improvements Fund	Enhancement Construction Fund	Special Revenue Enhancement Fund	NON-MAJOR FUND Debt Service Fund	Total
REVENUES						
Local sources:						
Ad valorem taxes	\$ 44,458,531	\$ 9,949,657	\$ -	\$ 15,788,577	\$ -	\$ 70,196,765
Recreation activity fees	9,710,931	-	-	-	-	9,710,931
Earnings on investments	163,048	51,912	16,541	48,573	1,672	281,746
Donations and miscellaneous	467,652	192,429	4,726	-	-	664,807
Intergovernmental revenues:						
Revenue sharing	1,301,558	303,421	-	-	-	1,604,979
Restricted grants-in-aid	1,034,248	86,169	44,070	-	-	1,164,487
Total revenues	57,135,968	10,583,588	65,337	15,837,150	1,672	83,623,715
EXPENDITURES						
Current:						
Administrative and planning	18,331,335	1,117,558	-	442,132	2,550	19,893,575
Maintenance department operations	12,788,126	-	-	-	-	12,788,126
Recreation program operations	12,395,893	-	-	-	-	12,395,893
Golf operations	5,707,429	-	-	-	-	5,707,429
Zoo operations	5,924,758	-	-	-	-	5,924,758
Aquatics and therapeutics	957,944	-	-	-	-	957,944
COVID-19 relief operations	554,461	-	-	-	-	554,461
Debt service:						
Lease payment	124,996	-	-	-	4,055,000	4,179,996
Lease interest	7,877	-	-	-	407,096	414,973
Intergovernmental	4,851,184	-	-	-	-	4,851,184
Capital outlay	2,167,225	9,433,567	18,181,431	-	-	29,782,223
Total expenditures	63,811,228	10,551,125	18,181,431	442,132	4,464,646	97,450,562
Excess of revenues over (under) expenditures	(6,675,260)	32,463	(18,116,094)	15,395,018	(4,462,974)	(13,826,847)
OTHER FINANCING SOURCES (USES)						
Transfers out	(2,290,950)	-	-	(15,395,018)	-	(17,685,968)
Transfers in	5,109,817	-	5,458,516	-	4,826,685	15,395,018
Total other financing sources (uses)	2,818,867	-	5,458,516	(15,395,018)	4,826,685	(2,290,950)
CHANGES IN FUND BALANCE	(3,856,393)	32,463	(12,657,578)	-	363,711	(16,117,797)
Fund Balance, December 31, 2020	70,717,154	21,513,180	17,965,355	-	4,529,223	114,724,912
Fund Balance, December 31, 2021	\$ 66,860,761	\$ 21,545,643	\$ 5,307,777	\$ -	\$ 4,892,934	\$ 98,607,115

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, 2021**

Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds		\$ (16,117,797)
Capital Assets:		
Capital outlay and other expenditures capitalized	\$ 29,053,952	
Net effect of sales and disposals of capital assets	(1,681,142)	
Depreciation expense for year ended December 31, 2021	<u>(13,027,241)</u>	14,345,569
Change in deferred inflows and outflows - property tax and revenue sharing		5,190
Change in net position of internal service fund		437,764
Long Term Debt:		
Principal portion of debt service payments and redemptions	\$ 4,055,000	
Change in net pension liability and related deferrals	(2,172,049)	
Change in post-employment benefit obligation	(927,617)	
Deferred loss amortization	(233,864)	
Payment on lease debt	124,996	
Change in accrued interest on long-term debt	14,395	
Change in compensated absences payable	<u>(297,737)</u>	<u>563,124</u>
Change in Net Position - Governmental Activities		<u>\$ (766,150)</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, 2021

	Employee Benefit Fund	Risk Management Fund	Unemployment Insurance Fund	Print Shop Fund	Total Internal Service Funds
ASSETS					
Current:					
Cash and cash equivalents	\$ 2,205,529	\$ 2,268,980	\$ 440,494	\$ 30,467	\$ 4,945,470
Due from other funds	-	156,236	-	-	156,236
Total assets	<u>\$ 2,205,529</u>	<u>\$ 2,425,216</u>	<u>\$ 440,494</u>	<u>\$ 30,467</u>	<u>\$ 5,101,706</u>
LIABILITIES					
Current:					
Accounts payable	\$ 467,571	\$ 41,496	\$ -	\$ 5,358	\$ 514,425
Due to other funds	383,347	-	-	283,528	666,875
Accrued expenses	2,074	2,600	-	223	4,897
Claims payable	200,000	575,000	-	-	775,000
	<u>1,052,992</u>	<u>619,096</u>	<u>-</u>	<u>289,109</u>	<u>1,961,197</u>
Long-term:					
Claims payable	-	820,000	-	-	820,000
Total liabilities	<u>1,052,992</u>	<u>1,439,096</u>	<u>-</u>	<u>289,109</u>	<u>2,781,197</u>
NET POSITION					
Restricted	-	100,000	-	-	100,000
Unrestricted	1,152,537	886,120	440,494	(258,642)	2,220,509
Total net position	<u>1,152,537</u>	<u>986,120</u>	<u>440,494</u>	<u>(258,642)</u>	<u>2,320,509</u>
Total liabilities and net position	<u>\$ 2,205,529</u>	<u>\$ 2,425,216</u>	<u>\$ 440,494</u>	<u>\$ 30,467</u>	<u>\$ 5,101,706</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, 2021

	Employee Benefit Fund	Risk Management Fund	Unemployment Insurance Fund	Print Shop Fund	Total Internal Service Funds
OPERATING REVENUES					
Premiums received	\$ 5,476,787	\$ 108,745	\$ -	\$ -	\$ 5,585,532
Total operating revenues	<u>5,476,787</u>	<u>108,745</u>	<u>-</u>	<u>-</u>	<u>5,585,532</u>
OPERATING EXPENSES					
Claims expense	5,214,398	323,530	-	-	5,537,928
Insurance premiums	-	676,030	-	-	676,030
Administrative fees	843,742	238,444	4,570	164,688	1,251,444
Total operating expenses	<u>6,058,140</u>	<u>1,238,004</u>	<u>4,570</u>	<u>164,688</u>	<u>7,465,402</u>
Net operating income (loss)	(581,353)	(1,129,259)	(4,570)	(164,688)	(1,879,870)
NON-OPERATING REVENUES					
Interest income	2,463	23,803	418	-	26,684
Transfers in	-	2,244,236	46,714	-	2,290,950
Change in net position	(578,890)	1,138,780	42,562	(164,688)	437,764
Net position December 31, 2020	<u>1,731,427</u>	<u>(152,660)</u>	<u>397,932</u>	<u>(93,954)</u>	<u>1,882,745</u>
Net position December 31, 2021	<u>\$ 1,152,537</u>	<u>\$ 986,120</u>	<u>\$ 440,494</u>	<u>\$ (258,642)</u>	<u>\$ 2,320,509</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, 2021

	Employee Benefit Fund	Risk Management Fund	Unemployment Insurance Fund	Print Shop Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash premiums received	\$ 5,476,787	\$ 108,745	\$ -	\$ -	\$ 5,585,532
Cash paid in claims and premiums	(5,364,398)	(1,229,561)	-	-	(6,593,959)
Cash paid for expenses	(529,570)	(231,013)	(4,570)	(172,661)	(937,814)
Net cash provided by (used in) operating activities	<u>(417,181)</u>	<u>(1,351,829)</u>	<u>(4,570)</u>	<u>(172,661)</u>	<u>(1,946,241)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund transfers and advances	-	2,244,236	46,714	-	2,290,950
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>2,244,236</u>	<u>46,714</u>	<u>-</u>	<u>2,290,950</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Income	2,463	23,803	418	-	26,684
Net cash provided by (used in) investing activities	<u>2,463</u>	<u>23,803</u>	<u>418</u>	<u>-</u>	<u>26,684</u>
Net change in cash	(414,718)	916,210	42,562	(172,661)	371,393
Cash at beginning of year	2,620,247	1,352,770	397,932	203,128	4,574,077
Cash at end of year	<u>\$ 2,205,529</u>	<u>\$ 2,268,980</u>	<u>\$ 440,494</u>	<u>\$ 30,467</u>	<u>\$ 4,945,470</u>
Reconciliation of change in net position to net cash provided by (used in) operating activities					
Net operating income (loss)	\$ (581,353)	\$ (1,129,259)	\$ (4,570)	\$ (164,688)	\$ (1,879,870)
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:					
Changes in:					
Accounts payable	440,722	4,831	-	(5,605)	439,948
Accrued expenses	(126,550)	2,600	-	(2,368)	(126,318)
Claims payable	(150,000)	(230,001)	-	-	(380,001)
Net cash provided by (used in) operating activities	<u>\$ (417,181)</u>	<u>\$ (1,351,829)</u>	<u>\$ (4,570)</u>	<u>\$ (172,661)</u>	<u>\$ (1,946,241)</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, 2021

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, 2021

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.

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, 2021

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, 2021

1. Summary of Significant Accounting Policies (continued)

Cash and Investments

Cash and cash equivalents can include demand deposit account balances, certificates of deposit and U.S. government securities with maturities of 90 days or less from the date purchased. As of December 31, 2021, cash and cash equivalents consist solely of demand and term deposits.

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

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, 2021

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, 2021

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, 2021

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, 2021

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.

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 2020 property tax calendar was as follows:

Millage rates adopted	July 29, 2021
Levy date	July 29, 2021
Tax bills mailed	November 24, 2021
Due date	December 31, 2021

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

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

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2021**

2. Property Taxes (continued)

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

The authorized and levied millage consisted of the following for 2021:

<u>Approved Millage Rate</u>	<u>Levied Millage Rate</u>	<u>Expiration</u>	<u>Authorized Use Per Proposition</u>
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:

	<u>Gross Property Taxes Receivable</u>	<u>Estimated Uncollectible Property Taxes</u>	<u>Net Property Taxes Receivable</u>
General Fund	\$ 44,658,895	\$ (446,495)	\$ 44,212,400
Capital Improvements Fund	9,982,250	(99,925)	9,882,325
Special Revenue Enhancement Fund	15,857,179	(158,564)	15,698,615
	<u>\$ 70,498,324</u>	<u>\$ (704,984)</u>	<u>\$ 69,793,340</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, 2021, approximately \$4,277,000 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, 2021

3. Cash and Cash Equivalents

At December 31, 2021, 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	\$ 45,268,780	\$ 45,772,669
Petty cash	36,180	-
	<u>\$ 45,304,960</u>	<u>\$ 45,772,669</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, 2021.

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, 2021.

4. Capital Assets

Capital asset and depreciation activity as of and for the year ended December 31, 2021 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 29,924,067	\$ -	\$ (22,770)	\$ 29,901,297
Construction-in-progress	18,220,900	27,228,949	(9,871,810)	35,578,039
Total capital assets, not depreciated	<u>48,144,967</u>	<u>27,228,949</u>	<u>(9,894,580)</u>	<u>65,479,336</u>
Capital Assets Being Depreciated				
Immovable property	278,606,902	8,297,641	(96,053)	286,808,490
Movable property and equipment	21,681,462	1,825,003	(1,667,551)	21,838,914
Total capital assets being depreciated	<u>300,288,364</u>	<u>10,122,644</u>	<u>(1,763,604)</u>	<u>308,647,404</u>
Less Accumulated Depreciation For				
Immovable property	155,675,103	11,170,665	(96,053)	166,749,715
Movable property and equipment	15,995,468	1,856,576	(1,583,348)	16,268,696
	<u>171,670,571</u>	<u>13,027,241</u>	<u>(1,679,401)</u>	<u>183,018,411</u>
Total Capital Assets Being Depreciated (net)	<u>128,617,793</u>	<u>(2,904,597)</u>	<u>(84,203)</u>	<u>125,628,993</u>
Total Capital Assets (net)	<u>\$ 176,762,760</u>	<u>\$ 24,324,352</u>	<u>\$ (9,978,783)</u>	<u>\$ 191,108,329</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2021

4. Capital Assets (continued)

Depreciation expense for 2021 is charged to the following functions in the statement of activities:

Administrative and planning	\$ 1,042,179
Maintenance department operations	1,042,179
Recreation, program operations	9,119,069
Golf operations	1,172,452
Zoo operations	390,817
Aquatics operations	260,545
	<u>\$ 13,027,241</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, 2021

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 2021 there are 555 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, 2021**

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, 2021, for the Commission and covered employees were as follows:

<u>Commission</u>	<u>Employees</u>
34.90%	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>December 31,</u>		
<u>2021</u>	<u>2020</u>	<u>2019</u>
\$ 7,762,791	\$ 7,345,529	\$ 6,170,459

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2021**

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, 2020. The Commission uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2020 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used as of the respective measurement date along with the change compared to the immediately prior measurement date. The Commission’s proportion of the Net Pension Liability was based on a projection of the Commission’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Measurement Date	Net Pension Liability at Measurement Date	Proportion at Measurement Date	Increase (Decrease) to Prior Year Proportion
December 31, 2020	\$ 85,417,981	14.6164%	0.9494%

The Commission’s recognized pension expense for the year ended December 31, 2021 was \$9,701,786.

At December 31, 2021, the Commission reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 4,049,912	\$ -
Changes in assumptions	1,156,755	(2,636,430)
Net difference between projected and actual earnings on pension plan investments		(9,778,182)
Changes in proportion	8,890,322	-
Differences between allocated and actual contributions	-	(287,919)
Employer contributions subsequent to the measurement date	7,762,791	-
	<u>\$ 21,859,780</u>	<u>\$ (12,702,531)</u>

The Commission reported a total of \$7,762,791 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, 2022.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2021**

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
2022	\$ 2,013,628
2023	1,957,801
2024	(2,485,615)
2025	(91,356)
	<u>\$ 1,394,458</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, 2020	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Expected Remaining Service Lives	5 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, 2021**

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100.00%</u>	

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, 2020.

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:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
Rates	6.00%	7.00%	8.00%
Commission's Share of NPL	\$ 109,888,801	\$ 85,417,981	\$ 64,901,105

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2021

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, 2021 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, 2021.

Carpenters' Union and Electrical Workers' Union

Certain employees are members of union benefit plans, which include defined benefit pension plans, as required by the terms of the collective bargaining agreements. For the Carpenters' Union plan and the Electrical Union Members' plans, the plan members are required to contribute 5% and 3.5%, respectively, of their annual covered payroll while the Commission contributes at a rate of 20.1% and 18.9%, respectively, for both plans. Contributions to the plans were as follows for the past two years:

2021	\$110,403
2020	\$120,030
2019	\$114,430

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 \$153,000 for the year ended December 31, 2021.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements December 31, 2021

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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	67
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	415
	<u>482</u>

Total OPEB Liability

The Commission's total OPEB liability of \$22,906,498 was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2021.

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2021 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	2.12% annually (Beginning of Year to Determine ADC) 2.06% 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, 2021, the end of the applicable measurement period.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2021.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2021**

6. Other Post-Employment Benefits (continued)

Changes in the Total OPEB Liability

Balance at December 31, 2020	\$	20,341,557
Changes for the year:		
Service cost		644,825
Interest		425,019
Differences between expected and actual experience		1,848,988
Changes in assumptions		233,102
Benefit payments and net transfers		(586,993)
Net changes		<u>2,564,941</u>
Balance at December 31, 2021	\$	<u><u>22,906,498</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Commission, as well as what the Commission’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.06%) or 1-percentage-point higher (3.06%) than the current discount rate:

	<u>1.0% Decrease</u> <u>(1.06%)</u>	<u>Current Rate</u> <u>(2.06%)</u>	<u>1.0% Increase</u> <u>(3.06%)</u>
Total OPEB Liability	\$ 27,683,723	\$ 22,906,498	\$ 19,219,095

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:

	<u>1.0% Decrease</u> <u>(4.5%)</u>	<u>Current Rate</u> <u>(5.5%)</u>	<u>1.0% Increase</u> <u>(6.5%)</u>
Total OPEB Liability	\$ 19,682,933	\$ 22,906,498	\$ 27,120,731

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

For the year ended December 31, 2021, the Commission recognized OPEB expense of \$1,514,605. At December 31, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ 2,521,539	\$ (2,584,814)
Changes in assumptions	4,997,387	(1,116,481)
Total	<u>\$ 7,518,926</u>	<u>\$ (3,701,295)</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Basic Financial Statements
December 31, 2021

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,:	
2022	\$ 444,761
2023	444,761
2024	444,761
2025	444,761
2026	641,035
Thereafter	1,397,552
	<u>\$ 3,817,631</u>

7. Long-Term Liabilities

The following is a summary of the changes in general long-term obligations for the year ended December 31, 2021:

	Beginning of Year Balance	Additions	Deductions	End of Year Balance
Tax revenue bonds	\$ 21,140,000	\$ -	\$ 4,055,000	\$ 17,085,000
Lease debt	180,341	-	124,996	55,345
Compensated absences payable	3,693,122	4,676,671	4,378,934	3,990,859
Claims payable	1,975,000	5,157,928	5,537,928	1,595,000
	<u>\$ 26,988,463</u>	<u>\$ 9,834,599</u>	<u>\$ 14,096,858</u>	<u>\$ 22,726,204</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, 2021:

	Current	Long-Term
Tax revenue bonds	\$ 4,135,000	\$ 12,950,000
Lease debt	55,345	-
Compensated absences payable	1,000,000	2,990,859
Claims payable	775,000	820,000
	<u>\$ 5,965,345</u>	<u>\$ 16,760,859</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, 2021**

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, 2021, \$1,032,901 of the deferred outflow had been amortized to interest expense resulting in a remaining deferred amount on refunding of \$799,037 carried on the entity-wide statement of net position. Amortization of the loss for 2021 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, 2021:

	<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	\$ 12,565,000
Series 2012 B Limited Tax Revenue Bonds 2.13%	11/06/12	13,000,000	4,520,000
		<u>\$ 44,190,000</u>	<u>\$ 17,085,000</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>
2022	\$ 4,135,000	\$ 319,873	\$ 4,454,873
2023	4,230,000	230,786	4,460,786
2024	4,315,000	139,781	4,454,781
2025	4,405,000	46,913	4,451,913
	<u>\$ 17,085,000</u>	<u>\$ 737,353</u>	<u>\$ 17,822,353</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2021**

8. Interfund Transactions

Interfund receivable/payable:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 19,471,743	\$ 310,211
Debt Service Fund	8,666,903	4,237,942
Enhancement Construction Fund	4,237,942	3,276,523
Capital Improvements Fund	115,931	9,402,113
Special Revenue Enhancement Fund	1,529,862	16,284,953
Internal Service Funds	156,236	666,875
	<u>\$ 34,178,617</u>	<u>\$ 34,178,617</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	\$ 2,290,950	\$ 5,109,817
Debt Service Fund	-	4,826,685
Enhancement Construction Fund	-	5,458,516
Special Revenue Enhancement Fund	15,395,018	-
Internal Service Funds	-	2,290,950
	<u>\$ 17,685,968</u>	<u>\$ 17,685,968</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 \$650,000 per occurrence, and for employee health is \$125,000 per occurrence.

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

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2021**

9. Risk Management (continued)

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, 2021.

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 2021 was \$5,314,398.

A reconciliation of the unpaid claims liabilities as of December 31, 2021 follows:

	Employee Benefits Fund	Risk Management Fund	Total
Unpaid claims as of January 1, 2021	\$ 300,000	\$ 1,472,000	\$ 1,772,000
Current year claims incurred and changes in estimates	5,214,398	323,530	5,537,928
Claims paid	(5,314,398)	(400,530)	(5,714,928)
Unpaid claims as of December 31, 2021	<u>\$ 200,000</u>	<u>\$ 1,395,000</u>	<u>\$ 1,595,000</u>

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

	Employee Benefits Fund	Risk Management Fund	Total
Short-term	\$ 200,000	\$ 575,000	\$ 775,000
Long-term	-	820,000	820,000
Total	<u>\$ 200,000</u>	<u>\$ 1,395,000</u>	<u>\$ 1,595,000</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2021**

10. Governmental Fund Balance

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

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Enhancement Construction Fund</u>	<u>Debt Service Fund</u>
Nonspendable				
Inventory	\$ 519,533	\$ -	\$ -	\$ -
Spendable				
Restricted for:				
Capital Improvements	-	21,545,643	-	-
Debt Service	-	-	-	4,892,934
Committed to:				
Mineral Endowment	1,342,965	-	-	-
Assigned to:				
Strategic Master Plan	14,442,564	-	5,307,777	-
Self-Insurance	1,395,000	-	-	-
Retirement Benefit	22,906,498	-	-	-
Self-Insurance (Health)	200,000	-	-	-
YMCA CEA - Howell Place	100,000	-	-	-
Encumbrances	2,723,405	-	-	-
Working Capital	3,000,000	-	-	-
Emergency Funds and Other	3,000,000	-	-	-
Total Constrained Fund Balance	<u>49,629,965</u>	<u>21,545,643</u>	<u>5,307,777</u>	<u>4,892,934</u>
Unassigned Fund Balances	<u>17,230,796</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>\$ 66,860,761</u>	<u>\$ 21,545,643</u>	<u>\$ 5,307,777</u>	<u>\$ 4,892,934</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 8.5% of total 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 8.5% of total 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 2021 is \$17,230,796, which equals approximately 21% 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, 2021:

General Fund	\$ 817,285
Capital Improvements Fund	5,019,785
Enhancement Operating Fund	1,906,120
Enhancement Construction Fund	87,668
Total governmental fund encumbrances	<u>\$ 7,830,858</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

**Notes to the Basic Financial Statements
December 31, 2021**

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, 2021, 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 \$258,642. The deficit is expected to be resolved in the subsequent year through increased premium revenue or transfers from the General Fund.

14. Disaggregation of Accounts Payable and Accrued Liabilities

Accounts, salaries, and other payables as of December 31, 2021, were as follows:

Vendors	\$ 8,704,529
Salaries and benefits	1,183,512
Due to other governments	1,420,987
Accrued interest payable	60,651
	<u>\$ 11,369,679</u>

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, 2021

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Local sources:				
Ad valorem taxes	\$ 41,297,642	\$ 41,297,642	\$ 44,458,531	\$ 3,160,889
Recreation activity fees	9,811,806	9,811,806	9,710,931	(100,875)
Other	625,329	625,329	630,700	5,371
Intergovernmental revenues:				
Revenue sharing	1,248,882	1,248,882	1,301,558	52,676
Restricted grants-in-aid	1,305,000	1,305,000	1,034,248	(270,752)
Total revenues	<u>54,288,659</u>	<u>54,288,659</u>	<u>57,135,968</u>	<u>2,847,309</u>
Expenditures:				
Current:				
Administrative and planning	57,654,656	57,654,656	18,331,335	39,323,321
Program activities	5,466,276	5,466,276	38,461,484	(32,995,208)
Intergovernmental and capital outlay	5,352,650	5,352,650	7,018,409	(1,665,759)
Total expenditures	<u>68,473,582</u>	<u>68,473,582</u>	<u>63,811,228</u>	<u>4,662,354</u>
Excess (deficiency) of revenues over expenditures	<u>(14,184,923)</u>	<u>(14,184,923)</u>	<u>(6,675,260)</u>	<u>7,509,663</u>
Other financing sources (uses):				
Operating transfers out	(2,290,950)	(2,290,950)	(2,290,950)	-
Operating transfers in	4,826,685	4,826,685	5,109,817	283,132
Total other financing sources (uses)	<u>2,535,735</u>	<u>2,535,735</u>	<u>2,818,867</u>	<u>283,132</u>
Changes in fund balance	(11,649,188)	(11,649,188)	(3,856,393)	7,792,795
Fund balances, December 31, 2020	<u>70,717,154</u>	<u>70,717,154</u>	<u>70,717,154</u>	-
Fund balances, December 31, 2021	<u>\$ 59,067,966</u>	<u>\$ 59,067,966</u>	<u>\$ 66,860,761</u>	<u>\$ 7,792,795</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, 2021

	Special Revenue Enhancement Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:				
Taxes:				
Ad valorem	\$ 14,663,517	\$ 14,663,517	\$ 15,788,577	\$ 1,125,060
Earnings on investments	109,858	109,858	48,573	(61,285)
Total revenues	<u>14,773,375</u>	<u>14,773,375</u>	<u>15,837,150</u>	<u>1,063,775</u>
Expenditures:				
Current:				
Administrative and planning	410,000	410,000	442,132	(32,132)
Total expenditures	<u>410,000</u>	<u>410,000</u>	<u>442,132</u>	<u>(32,132)</u>
Excess of revenues over expenditures	<u>14,363,375</u>	<u>14,363,375</u>	<u>15,395,018</u>	<u>1,031,643</u>
Other financing sources (uses):				
Operating transfers out	<u>(14,363,375)</u>	<u>(14,363,375)</u>	<u>(15,395,018)</u>	<u>(1,031,643)</u>
Total other financing sources (uses)	<u>(14,363,375)</u>	<u>(14,363,375)</u>	<u>(15,395,018)</u>	<u>(1,031,643)</u>
Changes in fund balance	-	-	-	-
Fund balances, December 31, 2020	-	-	-	-
Fund balances, December 31, 2021	<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
12/31/2021	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.

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 (*)**

	2021	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability	14.6164%	13.6670%	12.7513%	12.1652%	12.2059%	11.4766%	11.4482%
Employer's Proportionate Share of the Net Pension Liability	\$ 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	\$ 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	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	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.

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**

	2021	2020	2019	2018	2017	2016
Contractually Required Contribution ¹	\$ 7,762,791	\$ 7,345,529	\$ 6,170,459	\$ 6,083,889	\$ 5,480,952	\$ 5,132,391
Contributions in relation to Contractually Required Contribution ²	7,762,791	7,345,529	6,170,459	6,083,889	5,480,952	5,132,391
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Covered Payroll ³	\$ 22,242,954	\$ 19,746,046	\$ 17,579,655	\$ 17,142,545	\$ 16,700,037	\$ 16,360,826
Contributions as a Percentage of Covered Payroll	34.90%	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 to retirement system.

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

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, 2021

Superintendent:	<u>Corey Wilson</u>
<u>Purpose</u>	<u>Amount</u>
Salary	\$ 186,579
Benefits - life insurance	1,158
Benefits - medical insurance (commission paid)	9,404
Benefits - retirement system contributions/mandatory	71,554
Car allowance	7,727
Telecommunications	1,341
Dues	900
Reimbursements	572
Conference travel	2,127
	<u>\$ 281,362</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

General Fund Combining Schedule
Balance Sheet
December 31, 2021

	General Fund	Enhancement Operating Fund	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ (2,570,429)	\$ 10,858,909	-	\$ 8,288,480
Ad valorem taxes receivable, net	44,212,400	-	-	44,212,400
Due from governments and other	1,525,807	-	-	1,525,807
Inventory	519,533	-	-	519,533
Due from other funds	13,072,681	7,502,120	(1,103,058)	19,471,743
Total assets	<u>56,759,992</u>	<u>18,361,029</u>	<u>(1,103,058)</u>	<u>74,017,963</u>
DEFERRED OUTFLOWS				
	-	-	-	-
Total assets and deferred outflows	<u>\$ 56,759,992</u>	<u>\$ 18,361,029</u>	<u>\$ (1,103,058)</u>	<u>\$ 74,017,963</u>
LIABILITIES				
Accounts payable	\$ 2,347,903	\$ 792,346	\$ -	\$ 3,140,249
Accrued expenses payable	1,249,467	116,832	-	1,366,299
Due to other funds	310,102	1,103,167	(1,103,058)	310,211
Total liabilities	<u>3,907,472</u>	<u>2,012,345</u>	<u>(1,103,058)</u>	<u>4,816,759</u>
DEFERRED INFLOWS				
	2,340,443	-	-	2,340,443
FUND BALANCE				
Nonspendable	519,533	-	-	519,533
Spendable:				
Restricted	-	-	-	-
Committed	1,342,965	-	-	1,342,965
Assigned	31,418,783	16,348,684	-	47,767,467
Unassigned	17,230,796	-	-	17,230,796
Total fund balance	<u>50,512,077</u>	<u>16,348,684</u>	<u>-</u>	<u>66,860,761</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 56,759,992</u>	<u>\$ 18,361,029</u>	<u>\$ (1,103,058)</u>	<u>\$ 74,017,963</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, 2021**

	General Fund	Enhancement Operating Fund	Eliminations	Total
REVENUES				
Local sources:				
Ad valorem taxes	\$ 44,458,531	\$ -	\$ -	\$ 44,458,531
Recreation activity fees	9,710,931	-	-	9,710,931
Earnings on investments	150,842	12,206	-	163,048
Donations and miscellaneous	449,349	18,303	-	467,652
Intergovernmental revenues:				
Revenue sharing	1,301,558	-	-	1,301,558
Restricted grants-in-aid	1,034,248	-	-	1,034,248
Total revenues	<u>57,105,459</u>	<u>30,509</u>	<u>-</u>	<u>57,135,968</u>
EXPENDITURES				
Current:				
Administrative and planning	15,554,076	2,777,259	-	18,331,335
Maintenance department operations	12,788,126	-	-	12,788,126
Recreation program operations	12,395,893	-	-	12,395,893
Golf operations	5,707,429	-	-	5,707,429
Zoo operations	5,924,758	-	-	5,924,758
Aquatics and therapeutics	957,944	-	-	957,944
COVID-19 relief operations	554,461	-	-	554,461
Debt service:				
Lease payment	-	124,996	-	124,996
Lease interest	-	7,877	-	7,877
Intergovernmental	4,851,184	-	-	4,851,184
Capital outlay	211,161	1,956,064	-	2,167,225
Total expenditures	<u>58,945,032</u>	<u>4,866,196</u>	<u>-</u>	<u>63,811,228</u>
Excess of revenues over (under) expenditures	<u>(1,839,573)</u>	<u>(4,835,687)</u>	<u>-</u>	<u>(6,675,260)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,290,950)	-	-	(2,290,950)
Transfers in	-	5,109,817	-	5,109,817

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, 2021**

	General Fund	Enhancement Operating Fund	Eliminations	Total
Total other financing sources (uses)	<u>(2,290,950)</u>	<u>5,109,817</u>	<u>-</u>	<u>2,818,867</u>
CHANGES IN FUND BALANCE	(4,130,523)	274,130	-	(3,856,393)
Fund Balance, December 31, 2020	<u>54,642,600</u>	<u>16,074,554</u>	<u>-</u>	<u>70,717,154</u>
Fund Balance, December 31, 2021	<u>\$ 50,512,077</u>	<u>\$ 16,348,684</u>	<u>\$ -</u>	<u>\$ 66,860,761</u>

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, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated June 4, 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 questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

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 questioned costs as items 2021-002, 2021-003, 2021-004, and 2021-005 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 matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-002, 2021-003, and 2021-005.

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
Baton Rouge, Louisiana
June 4, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Recreation and Park Commission for the Parish of East Baton Rouge's ("Commission") compliance with the types of compliance requirements identified as subject to the audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended December 31, 2021. The Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-004 and 2021-005. Our opinion on each major federal program is not modified with respect to these matters.

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



Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-004 and 2021-005 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
June 4, 2024



RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

FEDERAL DEPARTMENT/PASS-THROUGH ENTITY/PROGRAM	ASSISTANCE LISTING NUMBER	GRANT NUMBER	FEDERAL EXPENDITURES	AMOUNTS PROVIDED TO SUBRECIPIENTS
United States Department of Homeland Security				
Passed Through: <i>Governor's Office of Homeland Security and Emergency Preparedness</i>				
FEMA Disaster Relief - Public Assistance	97.036	FEMA-DR-4277	\$ 1,063,309	\$ -
Total United States Department of Homeland Security			<u>1,063,309</u>	<u>-</u>
Total Expenditures			<u>\$ 1,063,309</u>	<u>\$ -</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Notes to the Schedule of Expenditure of Federal Awards

Note A – Basis of Presentation

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

Note B – De Minimis Cost Rate

During the year ended December 31, 2021, the Commission did not elect to use the 10% de minimis cost rate as covered in §200.414 of the Uniform Guidance.

Note C – Amounts Passed Through to Subrecipients

During the year ended December 31, 2021, the Commission did not pass through any federal funding to subrecipients.

Note D – Reconciliation to the Basic Financial Statements

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

Total expenditures per SEFA	\$ 1,063,309
Plus non-federal grant revenue	<u>101,178</u>
Total grant revenues per financial statements	<u>\$ 1,164,487</u>

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Schedule of Findings and Questioned Costs

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unmodified
Material weaknesses identified?	Yes
Significant deficiencies identified?	Yes
Noncompliance material to the financial statements noted?	Yes

Federal Awards

Internal control over major programs:

Material weaknesses identified?	No
Significant deficiencies identified?	Yes

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	Yes
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Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
97.036	FEMA Disaster Relief – Public Assistance

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

Auditee qualified as low-risk auditee?	No
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RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Schedule of Findings and Questioned Costs

B. Financial Statement Findings

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.

Management's Response & Corrective Plan: (Unaudited)

- *In terms of bank reconciliations, the Finance Department has initiated advertisement for professional level accountants to address key staffing issues for bank reconciliations to work collaboratively with the various program activity managers to ensure timely monthly bank reconciliations will be performed as indicated within the Finance Department's Administrative Policy Manual. Documented Standard Operating Procedures (SOPs) will be developed during this collaboration to ensure consistent responsibility of processes and accountability measures moving forward.*
 - *Anticipated Completion Date: August 30, 2024*
 - *Responsible Contact Person: Rhonda Williams*
- *In terms of payroll benefit liabilities, BREC will develop a written SOP where Finance will work collaboratively with Human Resources to reconcile payroll and benefits records monthly, whereas discrepancies will be identified with supporting documentation to ensure timely and accurate reconciliations.*
 - *Anticipated Completion Date: July 31, 2024*
 - *Responsible Contact Person: Lester Rainey*
- *BREC will initiate the advertisement for a Purchasing Manager to address key staffing issues with inventory accounts not being reconciled and work collaboratively with the various program activity managers to develop a written SOP to align with the Finance Department's Administrative Policy Manual to ensure that timely and accurate reconciliations of inventory are performed on a quarterly basis at a minimum, but with the target of monthly reconciliations.*
 - *Anticipated Completion Date: October 31, 2024*
 - *Responsible Contact Person: Lester Rainey*

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Schedule of Findings and Questioned Costs

B. Financial Statement Findings (continued)

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.

Management's Response & Corrective Plan: (Unaudited)

- *BREC is currently advertising to hire 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.*
 - *Anticipated Completion Date: November 30, 2024*
 - *Responsible Contact Person: Rhonda Williams*

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Schedule of Findings and Questioned Costs

B. Financial Statement Findings (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.

Management's Response & Corrective Plan: (Unaudited)

- *The Finance Department has implemented a monthly Revenue and Expenditure (R/E) analysis with the executive management of each program activity to ensure program activity areas are monitored and maintained within budgeted amounts, and amendments are requested and adopted where appropriate. This monthly R/E analysis is performed by finance staff to provide year-to-date current expenditures incurred as of the previous month, along with encumbered expenses, to project the final year-end expenses. Indications from the analysis that projected expenditures will exceed current budgeted amounts will be addressed through amendment requests to the Commission, unless executive level management within the program activity areas will address the projected excess expenditures in another manner (i.e.: reduction in future expenditures for the remainder of the fiscal year).*
 - *Anticipated Completion Date: June 1, 2024*
 - *Responsible Contact Person: Rhonda Williams*

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Schedule of Findings and Questioned Costs

C. Findings and Questioned Costs for Federal Awards

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.

Management's Response
& Corrective Plan:
(Unaudited)

- *While BREC currently does not have any federal expenses identified as unallowable costs applicable to this finding, a written SOP will be developed for determining allowable costs and procurement requirements in accordance with the applicable CFR to guide key finance staff with responsibility for federally eligible expenditures.*
 - *Anticipated Completion Date: July 31, 2024*
 - *Responsible Contact Person: Rhonda Williams*

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Schedule of Findings and Questioned Costs

C. Findings and Questioned Costs for Federal Awards (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.

Management's Response
& Corrective Plan:
(Unaudited)

- *While BREC currently does not have any questioned costs applicable to this finding, we have initiated the advertisement for professional level accountants to fill key staff positions to ensure monthly reconciliations of bank accounts in order for the single audit to be performed, which will ultimately allow for timely submission of the Single Audit Report moving forward.*
 - *Anticipated Completion Date: September 30, 2024*
 - *Responsible Contact Person: Rhonda Williams*

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Summary Schedule of Prior Audit Findings and Recommendations

A. Financial Statement Findings

2020-001 Reconciliation of Cash Accounts

Criteria: Reconciliation of cash accounts as recorded on the accounting general ledger should be reconciled to the balances reported by banks or other sub-ledgers on a monthly basis. Additionally, on a periodic basis, items that have remained outstanding for extended periods of time should be researched and resolved.

Condition: Cash accounts as recorded on the accounting general ledger were not reconciled to the underlying records for a significant portion of the fiscal year. While we acknowledge that the reconciliation for certain monthly activity in the bank accounts was occurring on an ongoing basis, the ending balance was not reconciled on a monthly basis. Furthermore, transaction recording and correction entries that often occur as part of the reconciliation process did not occur timely. There are reconciling items that have been outstanding for an extended period of time.

Cause: BREC has experienced difficulties with the implementation of a new accounting system in 2020.

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

Recommendation: BREC should take the steps necessary to ensure that reconciliations of all general ledger cash balances are maintained and reviewed on a monthly basis and that all transactions are recorded and accounts corrected as needed. Items that have been outstanding for an extended period should be researched and resolved.

Management's Response & Corrective Plan: (Unaudited)

As BREC reconfigures the Cash Management and Bank Reconciliation modules of its new ERP system, management will develop standard procedures over the next six months to document the monthly reconciliation of each bank account after a proposed account consolidation utilizing the "Pooled Cash" functionality of the new system. Once the procedures are developed, management will train accounting staff to prepare the reconciliations in a timely manner and review them for accuracy during its month-end closing process. The development of a Bank Reconciliation Clerk position and subsequent employment thereof should provide the organization the necessary resources, along with an Accounting Supervisor position for Revenue, to ensure that all accounts are reconciled and reviewed timely.

Current Status: Not resolved. Repeated as finding 2021-001.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Summary Schedule of Prior Audit Findings and Recommendations

A. Financial Statement Findings (continued)

2020-002 Reconciliation of Collection Clearing Accounts

Criteria: In the normal course of business, BREC collects and remits amounts collected for others, such as sales tax, garnishments and withholdings for employee benefits. Collection clearing accounts for these items should be reviewed regularly to ensure the amounts “0-out”; indicating amounts collected were appropriately remitted.

Condition: Collection clearing accounts were not reviewed to ensure that all balances were properly remitted and that they “net to zero”. Several contained debit balances.

Cause: BREC has experienced difficulties with a new accounting system since its implementation in 2020.

Effect: The general ledger is the basis for producing the annual financial statements as well as most interim financial reports for BREC. Without timely, complete and accurate review the clearing accounts of the general ledger, those financial reports may be prone to misstatement either due to error or fraud.

Recommendation: BREC should take the steps necessary to ensure that all general ledger collection clearing accounts are reviewed on a monthly basis and that all transactions are recorded and accounts corrected as needed.

*Management’s Response
& Corrective Plan:
(Unaudited)*

As BREC reconfigures the POS/ERP interfaces between its three Point of Sale/Revenue Management systems and MUNIS to improve the reconciliation of monthly POS/RMS sales reports to the ERP general ledger, management will develop standard procedures over the next six months to identify and report gross sales resulting in sales tax collections. In addition, management will collaborate with its Human Resources Department and Payroll Section to develop a procedure to document monthly reconciliation of all payroll liability accounts.

Current Status: Not resolved. Repeated as finding 2021-001.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Summary Schedule of Prior Audit Findings and Recommendations

A. Financial Statement Findings (continued)

2020-003 Local Government Budget Act

- Criteria: LA R.S. 39:1301-1315 requires that budgets be amended when expenditures and transfers out or revenues and transfers in exceed a 5% unfavorable variance.
- Condition: The actual revenues and transfers in during 2020 of the General Fund (including the Enhancement Operating Fund) fell short of the amount budgeted by approximately 6%.
- Cause: A revised budget was not adopted to account for a decrease in revenues during 2020. The lower revenues were primarily the result of the COVID-19 pandemic.
- Effect: Non-compliance with the state budget law.
- Recommendation: The finance department should closely monitor the budget and propose amendments for BREC's adoption when revenues or expenditures are expected to fall short of budgeted amounts by more than 5%.

*Management's Response
& Corrective Plan:
(Unaudited)*

The Commission's decision to levy less than the budgeted and voter authorized millage and closure of most revenue generating facilities resulted in actual revenues coming in at slightly less than the 5% allowed by the Local Government Budget Act. Moving forward, BREC will include in its month end closing procedures a quarterly review of its financial statements by fund to ensure compliance with LA R.S. 39:1301-1315 – Local Government Budget Act that requires that budgets be amended when revenues and transfers in or expenditures and transfers out present an unfavorable variance of more than 5 percent. This review will include communications to upper management which will result in quarterly inclusion in the Standard Reports section of the Finance Committee agenda and/or the Executive Summary as well as a potential proposed amendment to the Finance Committee and Commission for adoption at its 4th quarter meeting.

Current Status: Not resolved. Repeated as finding 2021-003.

RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE

Summary Schedule of Prior Audit Findings and Recommendations

B. Findings and Questioned Costs for Federal Awards

United States Department of Homeland Security

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

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

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

Condition: BREC did not maintain adequate internal records in order to prepare an accurate and complete reporting of federal awards expended without significant effort at year-end. 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: The accounting system is not designed to adequately track and record federal program grant expenditures and revenues accurately and with appropriate supporting documentation or reconciliations. As BREC is relatively new to federal grant funding, written policies and procedures over allowable costs and procurement have not been developed.

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

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

**Management's Response
& Corrective Plan:
(Unaudited)**

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

Current Status: *Partially resolved. Repeated as finding 2021-004.*



CORRECTIVE ACTION PLAN

FY 2021 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 Commission adopt procedures to ensure that bank accounts, payroll benefit liability, and inventory accounts are reconciled accurately and timely on a monthly basis.

*Management's Response
& Corrective Plan:*

- In terms of bank reconciliations, the Finance Department has initiated advertisement for professional level accountants to address key staffing issues for bank reconciliations to work collaboratively with the various program activity managers to ensure timely monthly bank reconciliations will be performed as indicated within the Finance Department's Administrative Policy Manual. Documented Standard Operating Procedures (SOPs) will be developed during this collaboration to ensure consistent responsibility of processes and accountability measures moving forward.
 - Anticipated Completion Date: August 30, 2024
 - Responsible Contact Person: Rhonda Williams

- In terms of payroll benefit liabilities, BREC will develop a written SOP where Finance will work collaboratively with Human Resources to reconcile payroll and benefits records monthly, whereas discrepancies will be identified with supporting documentation to ensure timely and accurate reconciliations.

- Anticipated Completion Date: July 31, 2024
- Responsible Contact Person: Lester Rainey
- BREC will initiate the advertisement for a Purchasing Manager to address key staffing issues with inventory accounts not being reconciled and work collaboratively with the various program activity managers to develop a written SOP to align with the Finance Department's Administrative Policy Manual to ensure that timely and accurate reconciliations of inventory are performed on a quarterly basis at a minimum, but with the target of monthly reconciliations.
 - Anticipated Completion Date: October 31, 2024
 - Responsible Contact Person: Lester Rainey

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:** The Commission was required to have the audit completed by the filing deadline of June 30, 2022. The Commission 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 the Commission 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:** The Commission 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.

Management's Response & Corrective Plan:

- BREC is currently advertising to hire 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.
 - Anticipated Completion Date: November 30, 2024
 - Responsible Contact Person: Rhonda Williams

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 the Commission prior to the end of its fiscal year, the Special Revenue Enhancement Fund had unfavorable budget variation for expenditures.
- Cause: The Commission 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: The Commission is not in compliance with the requirements of the Local Government Budget Act.
- Recommendation: We recommend the Commission 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.

*Management's Response
& Corrective Plan:*

- The Finance Department has implemented a monthly Revenue and Expenditure (R/E) analysis with the executive management of each program activity to ensure program activity areas are monitored and maintained within budgeted amounts, and amendments are requested and adopted where appropriate. This monthly R/E analysis is performed by finance staff to provide year-to-date current expenditures incurred as of the previous month, along with encumbered expenses, to project the final year-end expenses. Indications from the analysis that projected expenditures will exceed current budgeted amounts will be addressed through amendment requests to the Commission, unless executive level management within the program activity areas will address the projected excess expenditures in another manner (i.e.: reduction in future expenditures for the remainder of the fiscal year).
 - Anticipated Completion Date: June 1, 2024
 - Responsible Contact Person: Rhonda Williams

United States Department of Homeland Security

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

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

Questioned Costs: Not applicable.

Cause: 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 the Commission develop written policies and procedures for determining allowable costs and for procurement under the Uniform Guidance.

*Management's Response
& Corrective Plan:*

- While BREC currently does not have any federal expenses identified as unallowable costs applicable to this finding, a written SOP will be developed for determining allowable costs and procurement requirements in accordance with the applicable CFR to guide key finance staff with responsibility for federally eligible expenditures.
 - Anticipated Completion Date: July 31, 2024
 - Responsible Contact Person: Rhonda Williams

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.

*Management's Response
& Corrective Plan:*

- While BREC currently does not have any questioned costs applicable to this finding, we have initiated the advertisement for professional level accountants to fill key staff positions to ensure monthly reconciliations of bank accounts in order for the single audit to be performed, which will ultimately allow for timely submission of the Single Audit Report moving forward.
 - Anticipated Completion Date: September 30, 2024
 - Responsible Contact Person: Rhonda Williams

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

REPORT TO MANAGEMENT

DECEMBER 31, 2021

June 4, 2024

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

In planning and performing our audit of the financial statements of the Recreation and Park Commission for the Parish of East Baton Rouge (the "Commission") for the year ended December 31, 2021, we considered the Commission's internal controls over financial reporting and compliance with laws and regulations having a material effect on financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements. Our consideration does not provide assurance on the internal control structure or on compliance.

However, during our audit, we became aware of the following matters that represent opportunities for improving financial reporting, refining policies and procedures and enhancing compliance with laws and regulations. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated June 4, 2024 on the financial statements of the Commission.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience. We would also welcome any opportunity to perform any additional study of these matters or to assist you in implementing the recommendations. We would also like to thank the Commission staff for their cooperation with us during the performance of the audit.

This report is intended solely for the information and use of the Commission and its management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

EISNERAMPER LLP



**ATTACHMENT TO REPORT TO MANAGEMENT
RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE**

For the Year Ended December 31, 2021

A. Settlement of Interfund Accounts

Condition

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

This comment is repeated from the prior year.

Recommendation:

We recommend Recreation and Park Commission for the Parish of East Baton Rouge (“BREC”) on adopt procedures to ensure that, on a periodic basis, the amounts due between the funds are being settled.

Management’s Response:

BREC’s Finance Department will develop and implement a written Standard Operating Procedures (SOP) to document the process needed to ensure the settlement of interfund accounts on a bi-monthly basis at a minimum, but preferably on a monthly basis. During the development of the SOP, Finance will also seek to streamline the process to ensure the most efficient and effective manner to settle the interfund accounts, where appropriate.

The Finance Department has designated Rhonda Williams as the primary person responsible for implementing the SOP with an anticipated completion date of October 31, 2024.

B. Gift Card Reconciliation

Condition

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

This comment is repeated from the prior year.

Recommendation

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



**ATTACHMENT TO REPORT TO MANAGEMENT
RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE**

For the Year Ended December 31, 2021

Management's Response

BREC's Finance Department will develop and implement a written SOP to document the process for monthly reconciliations of gift cards being produced. Finance will work collaboratively with the various program activity areas to ensure that a monthly review is being performed to update outstanding balances and that the review process is documented within the written SOP.

The Finance Department has designated Rhonda Williams as the primary contact responsible for development and implementation of the SOP with an anticipated completion date of September 30, 2024.

C. Timely Cash Deposits

Condition

BREC policy requires revenue collections be deposited timely (daily). We noted in our audit procedures many instances where revenue collections were not deposited timely.

This comment is repeated from the prior year.

Recommendation

It is recommended that internal controls and procedures be implemented to ensure that revenue collections are deposited in a timely manner.

Management's Response

BREC's Finance Department will document the process for daily cash deposits to ensure that current policy requirements are being followed. The roles and responsibilities will be clearly delineated to ensure that all parties are clear on policy requirements and each responsible party will have to attest to their understanding of the policy and potential repercussions for failure to perform.

The Finance Department has designated Rhonda Williams as the primary contact responsible for development and implementation of the SOP with an anticipated completion date of August 30, 2024.

D. Identification of Components of Capital Construction Costs

Condition

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

This comment is repeated from the prior year.



**ATTACHMENT TO REPORT TO MANAGEMENT
RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE**

For the Year Ended December 31, 2021

Recommendation

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

Management's Response

BREC's Finance Department will initiate a Capital Outlay Program Budget for the 2025 fiscal year's budget development process as a separate and distinct budget document to be approved and implemented separate apart from BREC's Operating Budget development. The Finance Department intends to work collaboratively with the Planning and Engineering Department (P&E) to build the Capital Construction Budget for requested approval. This construction budget process will allow for construction projects to be identified and budgeted by scope and phase of the project within each successfully bid construction contract in order to capture and capitalize costs and provide the ability to report on projects on an on-going basis.

BREC has designated Don Johnson as the primary contact responsible for development and implementation of the Capital Outlay Budget Development with an anticipated completion date of November 30, 2024.

E. Budgetary Oversight and Reporting

Condition

Louisiana Revised Statute R.S. 39:1305(D) requires the proposed budget for a political subdivision be accompanied by an adoption instrument that defines the authority of the Chief Executive Officer to make changes within various budget classifications without approval by the governing authority, as well as those powers reserved solely to the governing authority. The resolution accompanying the 2021 budget did not so describe the Superintendent's authority.

A major component of BREC's purpose and mission is the construction and development of parks and recreational facilities which involve significant capital outlays. Recommended accounting practices call for the adoption of a multi-year capital budget on a project basis and reporting against those budgets with actual expenditures and encumbrances in order to demonstrate management of approved projects within budgeted means of financing. BREC currently adopts and reports on capital expenditures on an annual basis, but not on a multi-year basis, and the budget does not identify specific projects.

This comment is repeated from the prior year.

Recommendation

To fully comply with Louisiana Revised Statute R.S. 39:1305(D), the adoption instrument for future budgets should define the authority of the Superintendent to make changes to the budget without BREC approval, within the confines of the broader statute. Also, although not required by law but in accordance with best practices, we recommend that BREC adopt a multi-year budget that identifies capital projects and the means of financing for those projects. Reports of actual and obligated expenditures in comparison to those budgets should be presented to and reviewed by BREC on a periodic basis.



**ATTACHMENT TO REPORT TO MANAGEMENT
RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE**

For the Year Ended December 31, 2021

Management's Response

BREC's Finance Department will work collaboratively with Legal Counsel to ensure that future proposed budget resolutions clearly identify the authority of the Superintendent in making budget adjustments within various budget classifications without approval by the governing authority. Moreover, the Finance Department will initiate a Capital Outlay Construction Budget Development Program, as indicated in Section D above.

The Finance Department will also initiate a monthly revenue expenditure analysis to be presented to the governing authority on a monthly basis to compare the budgeted versus actual expenditures incurred.

BREC has designated Don Johnson as the primary contact responsible for development and implementation of the Capital Outlay Budget Development with an anticipated completion date of November 30, 2024. Moreover, the Revenue and expenditure analysis should be implemented by July 31, 2024

F. Theft of Public Assets

Condition

Louisiana Revised Statute 14:67 defines theft as the misappropriation or taking anything of economic value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations. Instances, or likely instances, of misappropriation were identified by BREC staff and are described in the following schedule. All but one of the instances were reported to the Legislative Auditor in a timely manner. The instances were detected by BREC personnel through the BREC's internal controls.

This comment is repeated from the prior year.

Recommendation

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

Management's Response

BREC will initiate additional training for employees on the ethical responsibility of public servants. BREC will continue to strive to mitigate all forms of misappropriation and timely report all instances to LLA and seek restitution and/or prosecution in furtherance of our fiduciary duty to be good stewards of public resources.

BREC's Human Resources Department has designated Darlene Jarvis as the primary contact for implementing the additional ethics training opportunities for employees. It's anticipated that these additional training opportunities will be implemented by October 31, 2024.



	Element of Comment	Purchase Card Missappropriation	Cash Missappropriation	Mileage Reimbursement Missappropriation
1	A general statement describing the fraud or misappropriation that occurred.	An employee used the BREC assigned Purchase Card for personal purchases	An employee misappropriated funds	A part time employee obtained invalid mileage reimbursements
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Funds received through charges made to purchase card	Cash receipts	Reimbursement for mileage
3	The amount of funds or approximate value of assets involved.	\$66,705	\$3,269	\$3,706
4	The department or office in which the fraud or misappropriation occurred.	Recreation	Recreation	Planning and Engineering
5	The period of time over which the fraud or misappropriation occurred.	January 2018 - June 2023	June 2019 - July 2021	January 2021 - October 2021
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Special Facilities Manager	Center Supervisor	Project Coordinator II
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	No formal charges were made against the employee. The employee resigned	Offenses were documented with the EBR Sheriff's Office and formal charges have been made against the individual.	No formal charges were made against the employee.
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No	No	No
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	Not Applicable	Not Applicable	Not Applicable
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes	Yes; EBR Sheriff's Office	No
11	What is the status of the investigation at the date of the auditor's/accountant's report?	The investigation is complete.	The investigation is complete.	The investigation is complete.
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	Yes	Yes	No
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	Pending	Pending	Not Applicable
14	Has restitution been made or has an insurance claim been filed?	Partial restitution was made in the amount of \$20,716.	No	No
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Yes	Yes	No
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	No	No	No
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	There was not appropriate supervisor oversight	There was no supervisor oversight allowing the theft to go undetectable for 2 years.	Accounts Payable and the traveler's supervisors was not sufficiently reviewing the mileage reimbursement requests to verify expenses claimed are allowable and sufficiently supported.
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	Finance is in the process of training Managers to recognize new trends for fraudulent invoices.	Management has revised the Recreation Department's Cash Handling Policy and Procedures, which includes detailed procedures for audit visits to cash collection sites.	Finance will do a more thorough review of reimbursement requests before payment.

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

**LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021, through December 31, 2021. The Recreation and Park Commission for the Parish of East Baton Rouge (BREC) management is responsible for those C/C areas identified in the SAUPs.

BREC has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021, through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

We were engaged by BREC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of BREC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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



EISNERAMPER LLP
Baton Rouge, Louisiana
June 4, 2024

**RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS
DECEMBER 31, 2021**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *“no exception noted” or for step 25 “we performed the procedure and discussed the results with management”*. If not, then a description of the exception ensues.

A - Written Policies and Procedures

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

No exceptions noted.

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

No exceptions noted.



**RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS
DECEMBER 31, 2021**

Schedule A

A - Written Policies and Procedures *(continued)*

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

No exceptions noted.

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

BREC has written policies for Travel and Expense reimbursement, however the policy does not specify (2) dollar thresholds by category of expense. For attributes (1), (3), and (4) no exceptions were noted.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions noted.

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

BREC does not have written policies for Debt Service, there were no policy's to specify (1) debt issuance approval (2) continuing disclosure/EMMA reporting requirements and (3) debt reserve requirements and (4) debt service requirements.

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

No exceptions noted.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions noted.



**RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS
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Schedule A

B - Board or Finance Committee

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

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

No exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions noted.

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

No exceptions noted.

C - Bank Reconciliations

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

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



**RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
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DECEMBER 31, 2021**

Schedule A

C - Bank Reconciliations (continued)

From the listing provided, we selected 5 bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending December 31, 2021, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

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

Of the 5 bank accounts selected, all 5 were not prepared within 2 months of the related statement closing date.

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

No exceptions noted.

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

Of the 5 bank accounts selected, 1 bank reconciliations had reconciling items that have been outstanding for more than 12 months. For the 1 bank account, there was no documentation evidencing that these reconciling items were researched for proper disposition. No exceptions were noted with regard to the remaining bank reconciliations.

D - Collections (excluding electronic funds transfers)

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.



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

D - Collections (excluding electronic funds transfers) (continued)

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Not performed by EisnerAmper, performed by BREC Internal Process Review.

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.



**RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS
DECEMBER 31, 2021**

Schedule A

D - Collections (excluding electronic funds transfers) (continued)

- a) Observe that receipts are sequentially pre-numbered.

Not performed by EisnerAmper, performed by BREC Internal Process Review.

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Not performed by EisnerAmper, performed by BREC Internal Process Review.

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.

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

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

The listing of locations that process payments for the fiscal period was provided and included 4 disbursement locations. No exceptions were noted while performing this procedure.

Not performed by EisnerAmper, performed by BREC Internal Process Review.

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.



**RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS
DECEMBER 31, 2021**

Schedule A

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

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

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.

- a) Observe whether the disbursement matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

Not performed by EisnerAmper, performed by BREC Internal Process Review.

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.



**RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS
DECEMBER 31, 2021**

Schedule A

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

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

Not performed by EisnerAmper, performed by BREC Internal Process Review.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Not performed by EisnerAmper, performed by BREC Internal Process Review.

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Not performed by EisnerAmper, performed by BREC Internal Process Review.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Not performed by EisnerAmper, performed by BREC Internal Process Review.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Not performed by EisnerAmper, performed by BREC Internal Process Review.



**RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS
DECEMBER 31, 2021**

Schedule A

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Not performed by EisnerAmper, performed by BREC Internal Process Review.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Not performed by EisnerAmper, performed by BREC Internal Process Review.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Not performed by EisnerAmper, performed by BREC Internal Process Review.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Not performed by EisnerAmper, performed by BREC Internal Process Review.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Not performed by EisnerAmper, performed by BREC Internal Process Review.

H - Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

A Not performed by EisnerAmper, performed by BREC Internal Process Review.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Not performed by EisnerAmper, performed by BREC Internal Process Review.



**RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS
DECEMBER 31, 2021**

Schedule A

H - Contracts (continued)

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Not performed by EisnerAmper, performed by BREC Internal Process Review.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Not performed by EisnerAmper, performed by BREC Internal Process Review.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Not performed by EisnerAmper, performed by BREC Internal Process Review.

I - Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures. No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.

- a) Observe all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).

No exceptions noted.



**RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS
DECEMBER 31, 2021**

Schedule A

I - Payroll and Personnel (continued)

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 2 employees/officials and performed the specified procedures. No exceptions noted.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.



**RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS
DECEMBER 31, 2021**

Schedule A

J - Ethics

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

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

No exceptions noted.

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions noted.

K - Debt Service

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

No exceptions noted.

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

No exceptions noted,

L - Fraud Notice

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

There were four misappropriations of public funds and assets identified during the fiscal period. For one of the four misappropriations in the listing, there was no documentation provided to support that the entity had reported the misappropriation to the legislative auditor and distract attorney.

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

No exceptions noted.



**RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS
DECEMBER 31, 2021**

Schedule A

M - Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedures and discussed the results with management.

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedures and discussed the results with management.

- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedures and discussed the results with management.

N - Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions noted.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

No exceptions noted.

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:



**RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS
DECEMBER 31, 2021**

Schedule A

N - Sexual Harassment (continued)

- a) Number and percentage of public servants in the agency who have completed the training requirements;

No exceptions noted.

- b) Number of sexual harassment complaints received by the agency;

No exceptions noted.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions noted.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exceptions noted.

- e) Amount of time it took to resolve each complaint.

No exceptions noted.

EISNERAMPER
LLP



**RECREATION AND PARK COMMISSION FOR THE PARISH OF EAST BATON ROUGE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS
DECEMBER 31, 2021**

Schedule B

Management has reviewed and will address the exceptions noted above.

EISNER AMPER
LLP



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

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

FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

We have performed the procedures enumerated in Schedule A, which were agreed to by the Recreation and Park Commission for the Parish of East Baton Rouge (the Entity) and the Louisiana Legislative Auditor (LLA) (specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021, through December 31, 2021. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

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

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

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

Jessica Matthews, MBA
Baton Rouge, Louisiana
May 31, 2024

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception(s) noted*”. If not, then a description of the exception ensues.

Written Policies and Procedures

1. Not performed by BREC Internal Process Review.

Board or Finance Committee

2. Not performed by BREC Internal Process Review.

Bank Reconciliations

3. Not performed by BREC Internal Process Review.

Collections

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

Finance provided a listing of 71 deposit sites and confirmed it was complete. We randomly selected 5 deposit sites, from that listing, and performed the procedures below.

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

The provided listing of collection locations for each deposit site selected in procedure #4 resulted in a total of 96 collection locations. From each of the listings in our sample, we randomly selected one collection location for each deposit site.

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

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

No Exceptions noted for 4 of 5 sites.



However, at 1 of the 5 sites there is only one cash register (drawer) available for use. Therefore, when more than one employee is scheduled to work at the same time, they occasionally share the drawer. Although each employee has their own credentials to access the POS system, they also occasionally complete transactions using one another's account rather than logging out of the current and into their own.

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

No Exceptions noted.

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

No Exceptions noted.

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

No Exceptions noted.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

The provided insurance policy for theft, covering all employees who have access to cash, was enforced during the fiscal period. No exception noted.

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

We randomly selected 10 deposit dates, which consists of 2 dates for each of the 5 bank accounts selected in procedure #3 (by P & N). However, only 9 deposits were tested because there was no deposit available in one of the selected accounts. We obtained supporting documentation for each of the 9 deposits and performed the procedures below for a total of 20 collections, as some of the deposits consisted of multiple collections.



- a) Observe that receipts are sequentially pre-numbered.

There were no receipts available for 12 of 20 collections (from 7 of 9 deposits).

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

No Exceptions noted.

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

No Exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

There was 1 of 20 collections (from 1 of 9 deposits) not deposited within one business day of receipt. Although the collection was less than \$100, it was also not deposited within one week.

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

No Exceptions noted.

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

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

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

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



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

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

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

No Exceptions noted.

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

No Exceptions noted.

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

No Exceptions noted.

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

No Exceptions noted.

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

A listing of non-payroll disbursements for the payment processing location selected in procedures #8, was provided. However, the listing was incomplete as it did not include manual ACH payments that occurred during the fiscal period. The listing also included payroll related disbursements.

We randomly selected 5 disbursements from the provided listing. However, we only performed the following procedures on 3 disbursements because the other 2 were payroll related.



- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No Exceptions noted.

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

Two exceptions noted:

For 1 of 3 disbursements, there was only one employee involved in processing and approving the payment, instead of two.

For another disbursement, there was no physical evidence to confirm whether the person who approved the payment was different from the person who processed the payment.

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

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

Listings of active p-cards, fuel cards, and store credit cards, as well as management's representation that the listings were complete, were provided. No Exceptions noted.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

From the listings provided, we randomly selected 5 cards (3 p-cards, 1 fuel card, and 1 store card). For each of the cards, we randomly selected one month and performed the procedures noted below.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Management did not provide monthly statements or supporting documentation provided for the selected fuel card and store card.



The statement and supporting documentation for transactions made with the 3 selected p-cards were provided and reviewed. No Exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Due to the unavailability of the requested monthly statements, we could not determine whether finance charges and late fees were assessed for the selected fuel card and store card.

As it relates to the 3 selected p-cards, there were No Exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as “missing receipt statement” that is subject to increased scrutiny.

We randomly selected July 2021 as the testing period for all 3 p-cards. However, due to inactivity of one of the cards, August 2021 was selected as its testing period.

We tested a total of 20 transactions from 5 statements, as there was some monthly card activity documented on multiple statements. There was an itemized receipt and written documentation of the business purpose for all transactions. Therefore, there were No Exceptions noted. In addition, none of the transactions were related to meals so review of documentation that lists individuals was not applicable.

We could not perform testing on the selected store credit card transactions due to the unavailability of the monthly statements.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Finance provided a listing of all travel and travel-related expense reimbursements during the fiscal period. We randomly selected 5 payments and performed the procedures below.



- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administrations (www.gsa.gov).

No Exceptions noted.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

There were no itemized receipt for 2 of 5 payments.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No Exceptions noted.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other the person receiving reimbursement.

No Exceptions noted.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Finance was unable to provide a listing of contracts that were only initiated or renewed during the fiscal period. Instead, the provided listing also contained contracts that were initiated or renewed before and after the period. This resulted in an incomplete testing population.

From that listing, we randomly selected 5 contracts but only performed the following procedures on 3 because 2 of 5 contracts were initiated or renewed outside of the fiscal period.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No Exceptions noted.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).



No Exceptions noted.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented.)

No Exceptions noted.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No Exceptions noted.

Payroll and Personnel

- 16. Not performed by BREC Internal Process Review.
- 17. Not performed by BREC Internal Process Review.
- 18. Not performed by BREC Internal Process Review.
- 19. Not performed by BREC Internal Process Review.

Ethics

- 20. Not performed by BREC Internal Process Review.

Debt Service

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

Fraud Notice

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

Information Technology Disaster Recovery/Business Continuity

- 25. Not performed by BREC Internal Process Review.

Sexual Harassment



26. Using the 5 randomly selected employees/officials from procedures #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No Exceptions noted.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

No Exceptions noted.

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S, 42:344:

a) Number and percentage of public servants in the agency who have completed the training requirements;

The Annual Sexual Harassment report was not submitted for fiscal year 2021.

b) Number of sexual harassment complaints received by the agency;

The Annual Sexual Harassment report was not submitted for fiscal year 2021.

c) Number of complaints which resulted in a finding that sexual harassment occurred;

The Annual Sexual Harassment report was not submitted for fiscal year 2021.

d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

The Annual Sexual Harassment report was not submitted for fiscal year 2021.

e) Amount of time it took to resolve each complaint.

The Annual Sexual Harassment report was not submitted for fiscal year 2021.

