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RECREATION AND PARK COMMISSION
FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-14-99



RECREATION AND PARK COMMISSION
FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1998



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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the
Board of Commissioners
Recreation and Park Commission for
the Parish of East Baton Rouge

We have audited the accompanying general purpose financial statements of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) as of December 31, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Recreation and Park Commission for the Parish of East Baton Rouge as of December 31, 1998, and the results of its operations of the governmental funds for the year then ended, and results of its operations and the cash flows of its proprietary fund for the two years then ended in conformity with generally accepted accounting principles.

As discussed in Note 5, the Commission changed its method of accounting for investment securities during the year ended December 31, 1998, as required by the provisions of Statement No. 31 of the Governmental Accounting Standards Board.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 1999, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Recreation and Park Commission for the Parish of East Baton Rouge. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

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The Year 2000 supplementary information on page 29 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Commission is or will become Year 2000 compliant, that the Commission's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Commission does business are or will become Year 2000 compliant.

Poathurait & Mettwill

Baton Rouge, Louisiana
June 8, 1999





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

Board of Commissioners
Recreation and Park Commission for
the Parish of East Baton Rouge

We have audited the general purpose financial statements of the Recreation and Park Commission for the Parish of East Baton Rouge (the Commission) as of December 31, 1998 and for the year then ended and have issued our report thereon dated June 8, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Commission, management, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 8, 1999

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

COMBINED BALANCE SHEET- ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1998

	Governmental Fund Types			Proprietary Fund Type			Account Groups			Total (Memorandum Only)
	General Fund	Special Revenue Fund	Capital Projects Fund	Self Insurance Internal Service Fund	General Fixed Assets	Long -Term Debt				
ASSETS:										
Cash and cash equivalents	\$ 109,651	\$ 1,293,629	\$ 4,618,230	\$ 3,521,039	\$ -	\$ -	\$ -	\$ -	\$ 9,542,549	
Revenue receivable	14,739,728	97,258	3,340,808	86,106	-	-	-	-	18,263,900	
Due from other funds	-	-	193,377	-	-	-	-	-	193,377	
Prepaid expenses and other	-	-	1,200	34,323	-	-	-	-	35,523	
Merchandise inventory	138,416	-	-	-	-	-	-	-	138,416	
Supply inventory	209,957	-	39,309	-	-	-	-	-	249,266	
Marketable equity securities	-	-	1,709,459	-	-	-	-	-	1,709,459	
Fixed assets	-	-	-	-	78,737,507	-	-	-	78,737,507	
Amount to be provided for long term obligations	-	-	-	-	-	-	1,708,653	-	1,708,653	
TOTAL ASSETS	\$ 15,197,752	\$ 1,390,887	\$ 9,902,383	\$ 3,641,468	\$ 78,737,507	\$ 1,708,653	\$ 1,708,653	\$ 110,578,650		

The accompanying notes are an integral part of this statement.

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

COMBINED BALANCE SHEET- ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1998

	Governmental Fund Types			Proprietary Fund Type			Account Groups			Total (Memorandum Only)
	General Fund	Special Revenue Fund	Capital Projects Fund	Self Insurance Internal Service Fund	General Fixed Assets	Long -Term Debt				
LIABILITIES AND FUND EQUITY:										
Liabilities:										
Accounts payable	\$ 266,877	\$ -	\$ 101,068	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 367,945
Accrued expenses	88,158	-	85,144	-	-	-	-	-	-	173,302
Due to other funds	191,352	2,025	-	-	-	-	-	-	-	193,377
Bank loans payable	7,000,000	-	-	-	-	-	-	-	-	7,000,000
Deferred revenues	37,920	-	-	-	-	-	-	-	-	37,920
Compensated absences payable	-	-	-	-	-	-	1,517,653	-	-	1,517,653
Claims and judgments payable	-	-	-	399,439	-	-	-	-	-	399,439
Reserve for life insurance claims	-	-	-	-	-	-	191,000	-	-	191,000
Deductions from Ad Valorem taxes payable	378,202	-	-	-	-	-	-	-	-	378,202
Total Liabilities	\$ 7,962,509	\$ 2,025	\$ 186,212	\$ 399,439	\$ -	\$ 1,708,653	\$ -	\$ -	\$ 10,258,838	

The accompanying notes are an integral part of this statement.

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

COMBINED BALANCE SHEET- ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1998

	Governmental Fund Types			Proprietary Fund Type			Account Groups			Total (Memorandum Only)
	General Fund	Special Revenue Fund	Capital Projects Fund	Self Insurance Internal Service Fund	General Fixed Assets	Long -Term Debt				
FUND EQUITY:										
Retained earnings:										
Unreserved	\$ -	\$ -	\$ -	\$ 3,242,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,242,029
Fund Balances:										
Reserve for:										
Inventory	348,373	-	39,309	-	-	-	-	-	-	387,682
Encumbrances	363,994	-	57,845	-	-	-	-	-	-	421,839
Designated for:										
Retirees' life insurance	191,000	-	-	-	-	-	-	-	-	191,000
Self insurance program	4,100,000	-	-	-	-	-	-	-	-	4,100,000
Equipment	340,000	-	-	-	-	-	-	-	-	340,000
Building Maintenance	250,000	-	-	-	-	-	-	-	-	250,000
Botanical Garden	-	-	1,600	-	-	-	-	-	-	1,600
Undesignated, unreserved	1,641,876	1,388,862	9,617,417	-	-	-	-	-	-	12,648,155
Equity and other credits:										
Investments in fixed assets	-	-	-	-	78,737,507	-	-	-	-	78,737,507
Total Fund Equity	7,235,243	1,388,862	9,716,171	3,242,029	78,737,507	-	-	-	-	100,319,812
TOTAL LIABILITIES AND FUND EQUITY	\$ 15,197,752	\$ 1,390,887	\$ 9,902,383	\$ 3,641,468	\$ 78,737,507	\$ 1,708,653	\$ -	\$ -	\$ -	\$ 110,578,650

The accompanying notes are an integral part of this statement.

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

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	Governmental Fund Types			(Memorandum Only)	
	General Fund	Special Revenue Fund	Capital Projects Funds	1998 Total	1997 Total
REVENUES					
Federal Sources:					
Project Grant	\$ 2,767	\$ -	\$ 87,569	\$ 90,336	\$ 216,734
State Sources:					
Revenue Sharing	924,114	-	215,431	1,139,545	1,158,274
Project Grants	-	-	20,283	20,283	573,588
Parish Sources:					
Ad Valorem taxes	14,046,721	-	3,158,041	17,204,762	15,789,894
Recreation activity fees	5,690,417	-	-	5,690,417	5,325,394
Interest Income	230,628	61,290	143,854	435,772	376,179
Dividends from donated stocks	-	-	32,451	32,451	30,977
Increase in fair value of donated stocks	-	-	283,707	283,707	-
Donations and miscellaneous	59,330	31,019	52,860	143,209	509,460
TOTAL REVENUES	\$ 20,953,977	\$ 92,309	\$ 3,994,196	\$ 25,040,482	\$ 23,980,500

The accompanying notes are an integral part of this statement.

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types			(Memorandum Only)	
	General Fund	Special Revenue Fund	Capital Projects Funds	1998 Total	1997 Total
EXPENDITURES					
Executive and administrative	\$ 2,987,883	\$ -	\$ -	\$ 2,987,883	\$ 3,571,081
Parks Dept, administrative	196,664	-	-	196,664	181,408
Recreation Dept. Administrative	493,492	-	-	493,492	364,120
Maintenance Department	7,098,362	-	-	7,098,362	7,025,420
Recreation Program operations	9,294,928	7,837	-	9,302,765	8,470,284
Capital outlay	-	-	1,145,855	1,145,855	2,731,660
TOTAL EXPENDITURES	20,071,329	7,837	1,145,855	21,225,021	22,343,973
EXCESS OF REVENUES OVER EXPENDITURES	882,648	84,472	2,848,341	3,815,461	1,636,527
OTHER FINANCING SOURCES (USES)					
Interfund transfers	(30,000)	30,000	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(30,000)	30,000	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	852,648	114,472	2,848,341	3,815,461	1,636,527
FUND BALANCE, beginning of year, as previously reported	6,382,595	1,274,390	5,741,456	13,398,441	11,761,914
Adjustment for effect of a change in accounting principle for investments	-	-	1,126,374	1,126,374	-
FUND BALANCE, beginning of year, as restated	6,382,595	1,274,390	6,867,830	14,524,815	11,761,914
FUND BALANCE, end of year	\$ 7,235,243	\$ 1,388,862	\$ 9,716,171	\$ 18,340,276	\$ 13,398,441

The accompanying notes are an integral part of this statements.

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>REVENUES</u>			
Ad Valorem Taxes	\$ 13,382,000	\$ 14,046,721	\$ 664,721
Recreation Activity Fees	5,457,000	5,690,417	233,417
Intergovernmental Revenues:			
State Grants	-	-	-
Federal Grants	90,000	2,767	(87,233)
State Revenue Sharing	935,000	924,114	(10,886)
Investment Income	150,000	230,628	80,628
Donations and Miscellaneous	172,000	59,330	(112,670)
TOTAL REVENUES	<u>20,186,000</u>	<u>20,953,977</u>	<u>767,977</u>
<u>EXPENDITURES</u>			
Executive and Administrative	2,897,000	2,987,883	(90,883)
Parks Dept. Administrative	192,000	196,664	(4,664)
Recreation Dept. Administrative	448,000	493,492	(45,492)
Maintenance Department	6,912,000	7,098,362	(186,362)
Recreational program operations	9,499,500	9,294,928	204,572
Capital outlay	-	-	-
TOTAL EXPENDITURES	<u>19,948,500</u>	<u>20,071,329</u>	<u>(122,829)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>237,500</u>	<u>882,648</u>	<u>645,148</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Interfund transfers	(30,000)	(30,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>207,500</u>	<u>852,648</u>	<u>645,148</u>
FUND BALANCE, beginning of year as previously reported	<u>6,313,000</u>	<u>6,382,595</u>	<u>69,595</u>
Adjustment for effect of a change in accounting principle for investments	-	-	-
FUND BALANCE, beginning of year, as restated	<u>6,313,000</u>	<u>6,382,595</u>	<u>69,595</u>
FUND BALANCE AT END OF YEAR	<u>\$ 6,520,500</u>	<u>\$ 7,235,243</u>	<u>\$ 714,743</u>

The accompanying notes are an integral part of this statement.



Special Revenue Fund			Capital Projects Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 2,800,000	\$ 3,158,041	\$ 358,041
-	-	-	-	-	-
-	-	-	-	20,283	20,283
-	-	-	100,000	87,569	(12,431)
-	-	-	218,000	215,431	(2,569)
50,000	61,290	11,290	60,000	460,012	400,012
18,000	31,019	13,019	22,000	52,860	30,860
68,000	92,309	24,309	3,200,000	3,994,196	794,196
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
26,000	7,837	18,163	-	-	-
-	-	-	3,080,000	1,145,855	1,934,145
26,000	7,837	18,163	3,080,000	1,145,855	1,934,145
42,000	84,472	42,472	120,000	2,848,341	2,728,341
30,000	30,000	-	-	-	-
30,000	30,000	-	-	-	-
72,000	114,472	42,472	120,000	2,848,341	2,728,341
1,254,000	1,274,390	20,390	3,600,000	5,741,456	2,141,456
-	-	-	-	1,126,374	1,126,374
1,254,000	1,274,390	20,390	3,600,000	6,867,830	3,267,830
\$ 1,326,000	\$ 1,388,862	\$ 62,862	\$ 3,720,000	\$ 9,716,171	\$ 5,996,171



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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
SELF INSURANCE INTERNAL SERVICE FUND - PROPRIETARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>Operating Revenues:</u>		
Auto Liability Premiums	\$ 165,000	\$ 160,000
Workers Comp. Premiums	388,521	388,333
General Liability Premiums	10,000	418,000
	<hr/>	<hr/>
Total Operating Revenues	563,521	966,333
	<hr/>	<hr/>
<u>Operating Expenses:</u>		
Claims Expenses	292,236	435,456
Insurance Expense	69,080	73,477
Administration Expenses	119,112	120,379
Other Expenses	-	799
	<hr/>	<hr/>
Total Operating Expenses	480,428	630,111
	<hr/>	<hr/>
<u>Operating Income</u>	83,093	336,222
	<hr/>	<hr/>
<u>Non-Operating Revenues:</u>		
Interest Income	157,789	115,631
	<hr/>	<hr/>
Total Non-Operating Revenues	157,789	115,631
	<hr/>	<hr/>
<u>Net Income</u>	240,882	451,853
	<hr/>	<hr/>
<u>Retained earnings at Beginning of year</u>	3,001,147	2,549,294
	<hr/>	<hr/>
<u>Retained earnings at End of year</u>	<u>\$ 3,242,029</u>	<u>\$ 3,001,147</u>

The accompanying notes are an integral part of these statements.



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

STATEMENTS OF CASH FLOWS
SELF INSURANCE INTERNAL SERVICE FUND
PROPRIETARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Operating income	\$ 83,093	\$ 336,222
Adjustments to reconcile operating income to net cash provided by operating activities:		
Claims payable	25,333	142,510
Accounts payable	(19,220)	(18,222)
Prepaid insurance	(24,488)	10,867
	<u>64,718</u>	<u>471,377</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	<u>101,792</u>	<u>98,645</u>
	<u>101,792</u>	<u>98,645</u>
Net increases in cash	166,510	570,022
<u>Cash and cash equivalents, Beginning of year</u>	<u>3,354,529</u>	<u>2,784,507</u>
<u>Cash and cash equivalents, End of year</u>	<u>\$ 3,521,039</u>	<u>\$ 3,354,529</u>

The accompanying notes are an integral part of these statements.

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Commission complies with Generally Accepted Accounting Principles (GAAP). The Commission's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the Commission's significant policies.

A. Financial Reporting Entity

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

Certain units of local government over which the Commission exercises no authority, such as the City-Parish government and other independently elected officials, are excluded from the accompanying financial statements. These units of government are considered separate from those of the parish Commission. The Commission is not a component unit of any other entity and does not have any component units which require inclusion in the general purpose financial statements.



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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Fund Accounting

The accounts for the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

General Fund

The General Fund is the general operating fund of the Recreation and Park Commission for the Parish of East Baton Rouge. It accounts for all financial resources, except those accounted for in other funds.

Special Revenue Funds

(Senior Citizens, Mineral Endowment, Dream Daycamp)

Special revenue funds account for the proceeds of specific revenue sources that are restricted by Commission policy to expenditures for specified purposes.

Capital Projects Fund

Capital projects fund accounts for financial resources used for the acquisition of land for parks and construction of major capital facilities.

Internal Service Funds (Self-Insurance)

The Self-Insurance Fund accounts for all expenses of a worker's compensation self-insurance plan, vehicle liability and general liability; and is supported by cash transfers from the General Fund equivalent to full coverage premiums.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The proprietary fund is presented on the accrual basis of accounting. The governmental funds are reported on the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

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

NOTES TO THE FINANCIAL STATEMENTS

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

C. **Basis of Accounting** (continued)

Revenues

Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they become susceptible to accrual, that is, when they become measurable and available to pay current period liabilities.

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recognized in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The Sheriff in East Baton Rouge Parish collects these taxes and forwards the collections to the Commission. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Federal and State grant revenues are recognized when the related reimbursable expenditure has been incurred.

Interest income on time deposits is recognized as earned.

Revenues from mineral leases, park user fees, merchandise sales, donations and substantially all other revenues are recognized when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). Other financing sources (uses) are recorded at such time that cash transfers are made.

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

NOTES TO THE FINANCIAL STATEMENTS

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

D. **Budget Practices**

Annually, the Commission adopts budgets for all funds. The proposed budget for the year ended December 31, 1998 was prepared using the modified accrual basis of accounting and was completed and made available for public inspection at the Superintendent's office on October 28, 1997. The budget for 1998 was adopted at a public budget hearing on November 25, 1997. Amendments to the budget were presented to the Commission and approved at a public meeting on December 15, 1998.

All appropriations lapse at year end. Formal budget integration is employed as a management control device during the year for the General Fund. Budgeted amounts included in the accompanying financial statements include the original adopted budgets and all subsequent amendments. The board of commissioners reserves all authority to change the budgets.

E. **Encumbrances**

The Commission uses a manual encumbrance accounting system for reporting purchase orders placed late in the year for which goods were not received by December 31st. At year end, outstanding purchase orders are established as a reservation of fund balance for reporting purposes only, since they do not constitute expenditures or liabilities.

F. **Cash, Cash Equivalents and Investments**

For reporting purposes, cash and cash equivalents include petty cash, interest bearing and non-interest bearing demand deposits, time certificates of deposit, and money market accounts. Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. Further, the Commission may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana. The commission may invest in securities of the United States government and its agencies. The Commission may also invest in mutual funds whose underlying investments consist solely of the securities of the United States Government or its agencies.

G. **Inventories**

Merchandise inventories (items held for resale), and supplies inventories are valued at the lower of cost or market, using a moving weighted average. The cost is recorded as an expenditure at the time the items are issued or sold. Inventory balances at year-end are equally offset by fund balance reserves.

RECREATION AND PARK COMMISSION
FOR THE PARISH OF EAST BATON ROUGE
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NOTES TO THE FINANCIAL STATEMENTS

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

H. **General Fixed Assets**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group rather than in the governmental funds. No depreciation is provided on general fixed assets. Purchased and constructed fixed assets are valued at historical cost or estimated cost if historical cost is not available. Donated fixed assets are valued at fair market value at the time of donation. Costs incurred on construction in progress, including associated interest costs, if any, are capitalized.

Cost of purchases and construction costs associated with fixed assets in the form of land acquisition, building and facility improvements, and procurement of moveable equipment are expensed in the appropriate governmental fund incurring the expense at the time of purchase; and the related assets are capitalized in the general fixed assets account group.

Account groups are not funds. They are concerned only with the measurement of financial position, not with measurement of results of operations.

I. **Compensated Absences**

Full-time employees earn vacation leave at the rate of 12-1/2 working days (100 hours) to 17-1/2 working days (140 hours) each year, depending upon length of service. A maximum of 45 days (360 hours) may be carried over from one year to the next. Upon resignation, retirement, or death, a maximum amount equal to 45 days (360 hours) of earned vacation leave is paid to the employee (or heirs) at the employee's current rate of pay.

Full-time employees earn 15 working days (120 hours) of sick leave each year, which 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).



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NOTES TO THE FINANCIAL STATEMENTS

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

I. **Compensated Absences** (continued)

At December 31, 1998, employees of the Recreation and Park Commission for the Parish of East Baton Rouge have accumulated and vested \$1,517,653 of employee leave benefits, computed in accordance with GASB Codification Section C60. 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. The sum of all accumulated leave balances available at December 31st is recorded as a general long-term obligation in the accompanying financial statements.

J. **Long Term Obligations**

Long-term obligations expected to be financed from governmental funds are accounted for in the general long-term obligations account group, not in the governmental funds.

Account groups are not funds. They are concerned only with the measurement of financial position, not with measurement of results of operations.

K. **Fund Equity**

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Designations

Designated fund balance represents tentative plans for future use of financial resources.

L. **Risk Management**

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. Due to the cost of coverage, the Commission stopped purchasing certain types of insurance for risk of loss. Risk management activities are reported in the Self Insurance Fund, including worker's compensation, vehicle liability and general liability lawsuits and claims.



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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Total Columns on Statements

Total columns on the combined statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting procedures. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes for the year ended December 31, 1998:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Parishwide taxes:		
Maintenance and operations	8.94	8.94
Capital improvements	<u>2.01</u>	<u>2.01</u>
Total	<u><u>10.95</u></u>	<u><u>10.95</u></u>

4. CASH AND CASH EQUIVALENTS

At December 31, 1998 the agency has cash and cash equivalents as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>
Petty Cash	\$ -	\$ 12,745
Demand Deposits with banks (interest bearing)	6,379,755	6,061,309
Time Deposits with banks	3,502,631	3,421,767
Money Market Funds	<u>-</u>	<u>46,728</u>
TOTAL:	<u><u>\$ 9,882,386</u></u>	<u><u>\$ 9,542,549</u></u>



RECREATION AND PARK COMMISSION
FOR THE PARISH OF EAST BATON ROUGE
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NOTES TO THE FINANCIAL STATEMENTS

4. **CASH AND CASH EQUIVALENTS** (continued)

Under state law, the bank deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. Of the bank balance, \$300,000 was covered by federal depository insurance and \$9,582,386 was covered by collateral held by the pledging bank's agent in the Commission's name. The pledged securities plus related federal deposit insurance provided on the agency accounts exceed the collected deposits at all banking institutions that have agency accounts.

5. **INVESTMENT SECURITIES**

At December 31, 1998 the Commission had investment securities consisting of:

	<u>Cost</u>	<u>Fair Value</u>
Marketable Equity Securities	\$ 299,378	\$ 1,709,459

Marketable equity securities at December 31, 1998 consist of 26,284 shares of publicly traded common and preferred stock in various corporations. The stock was originally acquired by donation in 1985. Additional shares have been acquired due to splits and stock dividends. The stock certificates are held by a brokerage firm in the Commission's name. Fair values are based upon quoted prices of the New York Stock Exchange as of the close of business on December 31, 1998.

During 1998, the Commission changed its method of accounting for investment securities as required by the Governmental Accounting Standards Board statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under this pronouncement, the marketable equity securities are reported at fair value and the corresponding change in value is recognized in the statement of revenues, expenditures and changes in fund balances. The cumulative effect of this change in accounting principle is reported as an adjustment to fund balance.

RECREATION AND PARK COMMISSION
FOR THE PARISH OF EAST BATON ROUGE
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NOTES TO THE FINANCIAL STATEMENTS

6. RECEIVABLES

The following is a summary of receivables at December 31, 1998:

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Special Revenue Funds</u>
Ad valorem taxes	\$ 14,117,354	\$ 3,174,036	\$ -
Intergovernmental revenues:			
State revenue sharing	616,078	143,621	-
Accounts receivable	6,296	-	-
Interest receivable	<u>-</u>	<u>23,151</u>	<u>97,258</u>
 TOTALS	 <u>\$ 14,739,728</u>	 <u>\$ 3,340,808</u>	 <u>\$ 97,258</u>

7. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Animals and Equipment</u>	<u>Total</u>
Balance, December 31, 1997	\$ 16,453,852	\$ 49,379,751	\$ 11,156,539	\$ 76,990,142
Additions	192,020	1,031,575	757,697	1,981,292
Deletions	<u>-</u>	<u>-</u>	<u>(233,927)</u>	<u>(233,927)</u>
 Balance, December 31, 1998	 <u>\$ 16,645,872</u>	 <u>\$ 50,411,326</u>	 <u>\$ 11,680,309</u>	 <u>\$ 78,737,507</u>



RECREATION AND PARK COMMISSION
FOR THE PARISH OF EAST BATON ROUGE
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NOTES TO THE FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLANS

Substantially all of the Commission's employees participate in the City of Baton Rouge and Parish of East Baton Rouge Employees Retirement System, a multiple-employer public employee retirement system (PERS). The system was created under City of Baton Rouge Ordinance No. 235 on December 31, 1953, and is governed by a board of trustees consisting of seven members. Four members are elected by the general membership, one being the city-parish finance director, and two are appointed by the mayor-president.

Plan Description. The EBRERS provides retirement benefits as well as disability and survivor benefits. Benefits are established and amended by state statute. The EBRERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the City of Baton Rouge, Parish of East Baton Rouge Employees' Retirement System, P. O. Box 1471, Baton Rouge, Louisiana 70802, or by calling (504) 389-3272.

Funding Policy. Plan members are required to contribute 9.5% of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The current rate is 16.13% of annual covered payroll. Member contributions and employer contributions for the Commission are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee.

The Commission's contributions for the years ending December 31, 1998 and 1997, were \$729,222 and \$642,038, respectively, equal to the required contributions for each year.

9. OTHER POSTEMPLOYMENT BENEFITS

The Commission provides certain life insurance and other benefits and continuing health care benefits for retired employees. All of the Commission's full-time employees become eligible for these benefits if they reach normal retirement age while working for the Commission. The Commission provides a \$4,000 to \$5,000 term life benefit at no cost to retired employees, which is payable to the survivors upon the retiree's death. Retirees are also given the option to continue coverage under the Commission's major medical and hospitalization insurance policy at the same rate as active employees. Health care benefits are provided through an insurance company whose monthly premiums are paid jointly by the retiree and the Commission. The Commission's costs of providing these benefits are recognized as expenditures when the payments or monthly premiums are paid. Cost to the Commission for these retiree benefits was \$104,166 in 1998.

RECREATION AND PARK COMMISSION
FOR THE PARISH OF EAST BATON ROUGE
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NOTES TO THE FINANCIAL STATEMENTS

10. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the general long-term obligation transactions for the year ended December 31, 1998:

	<u>Compensated Absences</u>	<u>Reserve for Life Insurance</u>	<u>Total</u>
Long-term obligations payable at December 31, 1997	\$ 1,367,829	\$ 196,000	\$ 1,563,829
Additions	496,802	-	496,802
Retirements	(346,978)	(5,000)	(351,978)
Long-term obligations payable at December 31, 1998	<u>\$ 1,517,653</u>	<u>\$ 191,000</u>	<u>\$ 1,708,653</u>

11. LITIGATION AND CLAIMS

The Commission is a defendant in various lawsuits. For those lawsuits whose ultimate losses could be reasonably estimated, \$141,000 has been recorded as a liability in self insurance fund.

12. RISK MANAGEMENT

All funds participate in the Self Insurance Fund. Amounts payable to the fund are based on estimates of the total claim liability. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.



RECREATION AND PARK COMMISSION
FOR THE PARISH OF EAST BATON ROUGE
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NOTES TO THE FINANCIAL STATEMENTS

12. RISK MANAGEMENT (continued)

The uninsured risk retention is as follows:

Worker's Compensation:

The worker's compensation limit is the statutory amount. The Commission has purchased insurance that pays claims in excess of \$250,000 per occurrence. The maximum cumulative exposure to worker's compensation claims over the two-year term of the policy is \$866,963 based on payroll estimates provided to the insurer.

Auto Liability:

The Commission has purchased insurance to cover claims in excess of the self insured retention. The combined coverage for property damage and bodily injury is \$500,000 per occurrence. The maximum cumulative exposure to vehicle accident claims in 1998 was \$50,000 per occurrence.

General Liability:

The Commission is completely self insured.

An analysis of the claims liability of the self insurance fund is as follows:

	<u>Worker's Compensation</u>	<u>General Liability</u>	<u>Auto Liability</u>	<u>Total</u>
Claims Liability at December 31, 1997	\$ 153,217	\$ 153,000	\$ 67,889	\$ 374,106
Claims Incurred in 1998	101,192	100,845	192,199	394,236
Claims Paid in 1998	(138,703)	(112,845)	(117,355)	(368,903)
Claims Liability at December 31, 1998	<u>\$ 115,706</u>	<u>\$ 141,000</u>	<u>\$ 142,733</u>	<u>\$ 399,439</u>



RECREATION AND PARK COMMISSION
FOR THE PARISH OF EAST BATON ROUGE
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NOTES TO THE FINANCIAL STATEMENTS

13. RESERVED AND DESIGNATED FUND BALANCES

Portions of the fund balance of the General Fund have been designated by the Commission for the following purposes:

Retirees' Life Insurance

The Commission has established a self-insured life insurance program for retired employees. At the time of an employee's retirement, \$4,000 or \$5,000 (depending on date of retirement) of the fund balance of the General Fund is set aside. The beneficiary is paid \$4,000 (or \$5,000) upon the death of the retiree. At December 31, 1998, there were 47 such retirees, and fund balance designated for these retirees total \$191,000.

Self-Insurance Program

The Commission has designated a portion of the fund balance of the General Fund for a worker's compensation and general liability self-insurance program. Insurance for theft, fire and other building hazards, vehicle liability, and various accident policies covering certain recreational activities sponsored by the Commission are provided by insurance companies.

The following is an analysis of changes in designations of the fund balance of the General Fund and Capital Improvements Fund:

	<u>Balance at December 31, 1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 1998</u>
Designated fund balances:				
General Fund				
Retirees Life Insurance	\$ 196,000	\$ -	(\$ 5,000)	\$ 191,000
Self-Insurance Program	3,800,000	300,000	-	4,100,000
Zoo Train Equipment	-	140,000	-	140,000
Maintenance Equipment	-	200,000	-	200,000
Building Repairs	-	250,000	-	250,000
Capital Improvement				
Botanical Garden	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>1,600</u>
	<u>\$ 3,997,600</u>	<u>\$ 890,000</u>	<u>(\$ 5,000)</u>	<u>\$ 4,882,600</u>



RECREATION AND PARK COMMISSION
FOR THE PARISH OF EAST BATON ROUGE
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NOTES TO THE FINANCIAL STATEMENTS

13. RESERVED AND DESIGNATED FUND BALANCES (continued)

Portions of the fund balance and retained earnings of the General Fund, Capital Improvements Fund, Special Revenue Fund, and Proprietary have been reserved by the commission as reported on Statement A and are composed of the following:

General Fund:		
Encumbrances	\$	363,994
Inventories and Supplies		<u>348,373</u>
Total: General Fund		<u>712,367</u>
Capital Improvements Fund:		
Encumbrances		57,845
Inventory and Supplies		<u>39,309</u>
Total: Capital Improvements Fund		<u>97,154</u>
Total reserved fund balances	\$	<u><u>809,521</u></u>

14. NOTES PAYABLE

At December 31, 1998, the Commission had outstanding debt in the principal amount of \$7,000,000 as follows:

<u>Financial Institution</u>	<u>Principal</u>	<u>Origination Date</u>
City National Bank	\$ 7,000,000	October 6, 1998

The note bears interest payable to City National Bank at an interest rate of 4.00%. The note is secured by the pledge of ad valorem tax revenues to be collected in 1999. The amount of debt authorized by the Louisiana State Bond Commission for issuance as of December 31, 1998 was eight million dollars. Subsequent to the date of these financial statements, these obligations were paid in full.

SUPPLEMENTAL INFORMATION



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

SPECIAL REVENUE FUND
COMBINING BALANCE SHEET, DECEMBER 31, 1998
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 1997)

ASSETS

	Senior Citizens Fund	Mineral Endowment Fund	Dream Daycamp Fund	Totals	
				1998	1997
Demand deposits	\$ 36,788	\$ 125,930	\$ 309,144	\$ 471,862	\$ 96,257
Time deposits	-	821,767	-	821,767	1,119,780
Interest receivable	-	97,258	-	97,258	58,805
Total Assets	\$ 36,788	\$ 1,044,955	\$ 309,144	\$ 1,390,887	\$ 1,274,842

LIABILITIES AND FUND BALANCE

Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 452
Due to other funds	2,025	-	-	2,025	-
Total Liabilities	2,025	-	-	2,025	452
Fund Balance:					
Undesignated, unreserved	34,763	1,044,955	309,144	1,388,862	1,274,390
Total Liabilities and Fund Balance	\$ 36,788	\$ 1,044,955	\$ 309,144	\$ 1,390,887	\$ 1,274,842



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

SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 1998
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 1997)

REVENUES

	Senior Citizens Fund	Mineral Endowment Fund	Dream Daycamp Fund	Totals	
				1998	1997
Craft Sales	\$ 5,375	\$ -	\$ -	\$ 5,375	\$ 6,398
Miscellaneous Revenue	3,166	-	-	3,166	1,823
Oil Lease Revenue	-	22,478	-	22,478	98,013
Interest Revenue	-	55,788	5,502	61,290	69,208
Total Revenues	8,541	78,266	5,502	92,309	175,442

EXPENDITURES

Cost of Goods Sold	7,837	-	-	7,837	4,353
Travel Expenditures	-	-	-	-	1,072
Miscellaneous	-	-	-	-	986
Total Expenditures	7,837	-	-	7,837	6,411
Excess Revenues Over Expenditures	704	78,266	5,502	84,472	169,031

OTHER FINANCING SOURCES (USES)

Interfund transfers	-	-	30,000	30,000	30,000
Total other financing sources (uses)	-	-	30,000	30,000	30,000
Excess Revenues Over Expenditures and Other Financing Sources	704	78,266	35,502	114,472	199,031
Fund Balance, beginning of year	34,059	966,689	273,642	1,274,390	1,075,359
Fund Balance, end of year	\$ 34,763	\$ 1,044,955	\$ 309,144	\$ 1,388,862	\$ 1,274,390



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

YEAR 2000 ISSUES

The Finance Department of the Recreation and Park Commission is significantly dependent on computerized systems for the payroll and accounting services that it renders. Serious data processing errors could result by ignoring the deficiencies in those old computer systems, and without making major changes in those systems prior to January, 2000. To prevent these errors, computer equipment and programs that were not year-2000 compliant were replaced with new products that BREC management has indicated were certified by the vendors as being year-2000 compliant.

In 1997 the BREC Finance Committee decided that a complete conversion would be more economical than attempting to modify or fix the old system. A new system was implemented in 1998, including hardware and software components. Training was provided for personnel; installation and conversion has been completed. Service contracts for hardware and software support are in place. As of January, 1999, all payroll and accounting activities have been converted to the Y2K compliant systems.

