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RECREATION AND PARK COMMISSION
FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1997

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 JUL 15 1998



RECREATION AND PARK COMMISSION
FOR THE PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1997



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Postlethwaite & Netterville

A Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

8550 UNITED PLAZA BLVD., SUITE 1001 • BATON ROUGE, LOUISIANA 70809 • TELEPHONE (504) 922-4600 • FAX (504) 922-4611

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, 1997, 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, 1997, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 1998, 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 and individual fund 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
May 18 1998



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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, 1997 and for the year then ended and have issued our report thereon dated May 18, 1998. 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. However, this report is a matter of public record and its distribution is not limited.

Postlethwaite & Netterville

Baton Rouge, Louisiana
May 18, 1998

**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, 1997**

	Governmental Fund Types			Proprietary Fund Type		Fiduciary Fund Type		Account Groups		Total
	General Fund	Special Revenue Fund	Capital Projects Fund	Self Insurance Internal Service Fund	Agency Fund	General Fixed Assets	Long -Term Debt			
ASSETS:										
Cash in banks	\$ 27,780	\$ 1,216,037	\$ 2,030,255	\$ 3,354,529	\$ -	\$ -	\$ -	\$ -	\$ 6,628,601	
Revenue receivable	13,739,946	58,805	3,183,624	30,110	-	-	-	-	17,012,485	
Due from other funds	-	-	418,957	-	-	-	-	-	418,957	
Prepaid expenses	-	-	-	9,835	-	-	-	-	9,835	
Merchandise inventory	204,441	-	-	-	-	-	-	-	204,441	
Supply inventory	208,808	-	30,628	-	-	-	-	-	239,436	
Marketable equity securities	-	-	299,378	-	-	-	-	-	299,378	
Deferred comp investments	-	-	-	-	771,478	-	-	-	771,478	
Fixed assets	-	-	-	-	-	76,990,142	-	-	76,990,142	
Amount to be provided for compensated absences	-	-	-	-	-	-	-	1,367,829	1,367,829	
TOTAL ASSETS	\$ 14,180,975	\$ 1,274,842	\$ 5,962,842	\$ 3,394,474	\$ 771,478	\$ 76,990,142	\$ 1,367,829	\$ 103,942,582		

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, 1997

	Governmental Fund Types				Proprietary Fund Type		Fiduciary Fund Type		Account Groups		Total
	General Fund	Special Revenue Fund	Capital Projects Fund	Self Insurance Internal Service Fund	Agency Fund	General Fixed Assets	Long -Term Debt				
Accounts payable	\$ 419,970	\$ 452	\$ 141,948	\$ 19,220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 581,590
Accrued expenses	56,822	-	-	-	-	-	-	-	-	-	56,822
Due to other funds	418,957	-	-	-	-	-	-	-	-	-	418,957
Bank loans payable	6,500,000	-	-	-	-	-	-	-	-	-	6,500,000
Deferred revenues	49,312	-	-	-	-	-	-	-	-	-	49,312
Deferred comp. payable	-	-	-	-	771,478	-	-	-	-	-	771,478
Compensated absences payable	-	-	-	-	-	-	-	-	1,367,829	-	1,367,829
Claims and judgments payable	-	-	-	374,106	-	-	-	-	-	-	374,106
Deductions from Ad Valorem taxes payable	353,319	-	79,438	-	-	-	-	-	-	-	432,757
Total Liabilities	\$ 7,798,380	\$ 452	\$ 221,386	\$ 393,326	\$ 771,478	\$ -	\$ 1,367,829	\$ -	\$ -	\$ 10,552,851	

LIABILITIES AND FUND EQUITY:

Liabilities:

Accounts payable	\$ 581,590
Accrued expenses	56,822
Due to other funds	418,957
Bank loans payable	6,500,000
Deferred revenues	49,312
Deferred comp. payable	771,478
Compensated absences payable	1,367,829
Claims and judgments payable	374,106
Deductions from Ad Valorem taxes payable	432,757
Total Liabilities	\$ 10,552,851

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, 1997

	Governmental Fund Types			Proprietary	Fiduciary	Account Groups		
	General Fund	Special Revenue Fund	Capital Projects Fund	Self Insurance Internal Service Fund	Agency Fund	General Fixed Assets	Long -Term Debt	Total
\$	-	\$ -	\$ -	\$ 3,001,148	\$ -	\$ -	\$ -	\$ 3,001,148
Retained earnings:								
Unreserved	413,268	-	30,628	-	-	-	-	443,896
Fund Balances:	116,252	-	799,776	-	-	-	-	916,028
Reserve for:								
Merchandise inventory	196,000	-	-	-	-	-	-	196,000
Self insurance program	3,800,000	-	-	-	-	-	-	3,800,000
Botanical garden	-	-	1,600	-	-	-	-	1,600
Undesignated, unreserved Equity and other credits:	1,857,075	1,274,390	4,909,452	-	-	-	-	8,040,917
Investments in fixed assets	-	-	-	-	-	76,990,142	-	76,990,142
Total Fund Equity	6,382,595	1,274,390	5,741,456	3,001,148	-	76,990,142	-	93,389,731
TOTAL LIABILITIES AND FUND EQUITY	\$ 14,180,975	\$ 1,274,842	\$ 5,962,842	\$ 3,394,474	\$ 771,478	\$ 76,990,142	\$ 1,367,829	\$ 103,942,582

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, 1997

	Governmental Fund Types				(Memorandum Only)	
	General Fund	Special Revenue Fund	Capital Projects Funds	1997 Total	1996 Total	
REVENUES						
Federal Sources:						
Project Grant	\$ 57,126	\$ -	\$ 159,608	\$ 216,734	\$ 293,041	
State Sources:						
Revenue Sharing	939,302	-	218,972	1,158,274	1,152,656	
Project Grants	-	-	573,588	573,588	44,633	
Parish Sources:						
Ad Valorem taxes	12,884,765	-	2,905,129	15,789,894	14,584,634	
Recreation activity fees	5,325,394	-	-	5,325,394	5,118,872	
Interest Income	203,122	69,208	103,849	376,179	333,715	
Dividends from donated stocks	-	-	30,977	30,977	28,351	
Donations and miscellaneous	126,905	136,234	246,321	509,460	175,079	
TOTAL REVENUES	\$ 19,536,614	\$ 205,442	\$ 4,238,444	\$ 23,980,500	\$ 21,730,981	

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, 1997

	Governmental Fund Types			(Memorandum Only)	
	General Fund	Special Revenue Fund	Capital Projects Funds	1997 Total	1996 Total
<u>EXPENDITURES</u>					
Executive and administrative	\$ 3,138,324	\$ -	\$ -	\$ 3,138,324	\$ 2,430,964
Parks Dept, administrative	181,408	-	-	181,408	195,334
Recreation Dept. Administrative	364,120	-	-	364,120	509,685
Maintenance Department	7,025,420	-	-	7,025,420	6,139,783
Recreation Program operations	8,463,873	6411	-	8,470,284	8,525,570
Capital outlay	-	-	2,731,660	2,731,660	3,707,131
Ad Valorem tax deductions:					
Retirement System contribution	353,319	-	79,438	432,757	411,280
TOTAL EXPENDITURES	19,526,464	6,411	2,811,098	22,343,973	21,919,747
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,150	199,031	1,427,346	1,636,527	(188,766)
FUND BALANCE, beginning of year	6,372,445	1,075,359	4,314,110	11,761,914	11,950,680
FUND BALANCE, end of year	\$ 6,382,595	\$ 1,274,390	\$ 5,741,456	\$ 13,398,441	\$ 11,761,914

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, 1997

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>REVENUES</u>			
Ad Valorem Taxes	\$ 12,793,000	\$ 12,884,765	\$ 91,765
Recreation Activity Fees	5,088,000	5,325,394	237,394
Intergovernmental Revenues:			
State Grants	-	-	-
Federal Grants	50,000	57,126	7,126
State Revenue Sharing	932,000	939,302	7,302
Interest Income	150,000	203,122	53,122
Donations and Miscellaneous	45,000	126,905	81,905
TOTAL REVENUES	19,058,000	19,536,614	478,614
<u>EXPENDITURES</u>			
Executive and Administrative	2,691,000	3,138,324	(447,324)
Parks Dept. Administrative	227,000	181,408	45,592
Recreation Dept. Administrative	429,000	364,120	64,880
Maintenance Department	6,632,000	7,025,420	(393,420)
Recreational program operations	8,549,300	8,463,873	85,427
Capital outlay	-	-	-
Ad Valorem Tax Deductions:			
Retirement System Contribution	335,000	353,319	(18,319)
TOTAL EXPENDITURES	18,863,300	19,526,464	(663,164)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	194,700	10,150	(184,550)
FUND BALANCE AT BEGINNING OF YEAR	6,404,300	6,372,445	(31,855)
FUND BALANCE AT END OF YEAR	\$ 6,599,000	\$ 6,382,595	\$ (216,405)

The accompanying notes are an integral part of this statement.

<u>Special Revenue Fund</u>			<u>Capital Projects Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -	\$ 2,525,000	\$ 2,905,129	\$ 380,129
132,000	136,234	4,234	-	-	-
-	-	-	-	573,588	573,588
-	-	-	250,000	159,608	(90,392)
-	-	-	220,000	218,972	(1,028)
52,896	69,208	16,312	60,000	103,849	43,849
-	-	-	20,000	275,796	255,796
<u>184,896</u>	<u>205,442</u>	<u>20,546</u>	<u>3,075,000</u>	<u>4,236,942</u>	<u>1,161,942</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,000	6,411	1,589	-	-	-
-	-	-	3,750,000	2,731,660	1,018,340
-	-	-	70,000	79,438	(9,438)
<u>8,000</u>	<u>6,411</u>	<u>1,589</u>	<u>3,820,000</u>	<u>2,811,098</u>	<u>1,008,902</u>
176,896	199,031	22,135	(745,000)	1,425,844	2,170,844
<u>1,067,000</u>	<u>1,075,359</u>	<u>8,359</u>	<u>3,885,000</u>	<u>4,314,110</u>	<u>429,110</u>
<u>\$ 1,243,896</u>	<u>\$ 1,274,390</u>	<u>\$ 30,494</u>	<u>\$ 3,140,000</u>	<u>\$ 5,739,954</u>	<u>\$ 2,599,954</u>



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

SELF INSURANCE INTERNAL SERVICE FUND - PROPRIETARY FUND TYPE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996

	<u>1997</u>	<u>1996</u>
Operating Revenues:		
Auto Liability Premiums	\$ 160,000	\$ 157,755
Workers Comp. Premiums	388,333	586,487
General Liability Premiums	418,000	17,617
	<u>966,333</u>	<u>761,859</u>
Total Operating Revenues		
Operating Expenses:		
Claims Expenses	435,456	262,172
Insurance Expense	73,477	143,146
Administration Expenses	120,379	94,862
Other Expenses	799	104
	<u>630,111</u>	<u>500,284</u>
Total Operating Expenses		
Operating Income	<u>336,222</u>	<u>261,575</u>
Non-Operating Revenues:		
Interest Income	115,631	115,883
	<u>115,631</u>	<u>115,883</u>
Total Non-Operating Revenues		
Net Income	451,853	377,458
Retained earnings at January 1,	<u>2,549,294</u>	<u>2,171,836</u>
Retained earnings at December 31,	<u>\$ 3,001,147</u>	<u>\$ 2,549,294</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

PROPRIETARY FUND TYPE
SELF INSURANCE INTERNAL SERVICE FUND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996

	<u>1997</u>	<u>1996</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Operating income	\$ 336,222	\$ 261,575
Adjustments to reconcile operating income to net cash provided by operating activities:		
Claims payable	142,510	5,056
Accounts payable	(18,222)	5,454
Prepaid insurance	10,867	15,892
	<u>471,377</u>	<u>287,977</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	<u>98,645</u>	<u>112,325</u>
	<u>98,645</u>	<u>112,325</u>
Net increases in cash	570,022	400,302
Cash balance, January 1, 1997	<u>2,784,507</u>	<u>2,384,205</u>
Cash balance, December 31, 1997	<u>\$ 3,354,529</u>	<u>\$ 2,784,507</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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

B. REPORTING ENTITY

For financial reporting purposes, in conformance with GASB Codification Section 2100, the Commission includes all funds, account groups, activities, et cetera, that are within the oversight responsibility of the Commission. The Commission is a special district of the State of Louisiana and has sole responsibility for fiscal management, budget matters, retirement of debt, and appointment of management. Certain units of local government, such as the city-parish council, the parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the Recreation and Park Commission for the Parish of East Baton Rouge.

C. 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.



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

NOTES TO THE FINANCIAL STATEMENTS

C. FUND ACCOUNTING (continued)

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.

D. 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 governmental funds are reported on the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

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 agency. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

D. BASIS OF ACCOUNTING (continued)

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, except that 1) immaterial payroll and related benefit expenditures are recognized when paid, 2) compensated absences (leave benefits) are recognized when paid, and 3) the current portion of long-term debt and the related accrued interest, payable from expendable available resources, are recognized when the financing resources (ad valorem taxes) are accrued as revenue within the paying fund.

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.

E. BUDGET PRACTICES

Annually, the Commission adopts budgets for all funds. The proposed budget for the year ended December 31, 1997 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 22, 1996. The budget for 1997 was adopted at a public budget hearing on November 26, 1996. Amendments to the budget were presented to the Commission and approved at public meetings on February 25, 1997, April 23, 1997, and December 16, 1997.

All appropriations lapse at year end. However, any unexpended appropriations remaining at year end are carried forward into subsequent years as beginning fund balance. 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.

F. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

G. CASH, CASH EQUIVALENTS AND INVESTMENTS

For reporting purposes, cash and cash equivalents include petty cash, interest bearing and non-interest bearing demand deposits, and time certificates of deposit. 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.

H. 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.

I. PREPAID ITEMS

Premiums of significant insurance policies are expensed only to the extent of the premium paid for the current year. Premiums paid for that portion of the term extending into future years are recognized as a prepaid asset and expensed in the year the policy covers. Policies with immaterial premiums are expensed in the period when the policy is paid.

J. 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.

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BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

K. 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).

At December 31, 1997, employees of the Recreation and Park Commission for the Parish of East Baton Rouge have accumulated and vested \$1,367,829 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.

L. 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.

M. 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.

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

N. 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.

O. 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.

2. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes for the year ended December 31, 1997:

	<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>10.95</u>	<u>10.95</u>

3. CASH AND CASH EQUIVALENTS

At December 31, 1997 the agency has cash and cash equivalents as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>
Petty Cash	\$ -	\$ 12,345
Demand Deposits (non-interest bearing)	36,315	1,530
Demand Deposits (interest bearing)	1,846,720	1,491,019
Time Deposits	<u>5,123,707</u>	<u>5,123,707</u>
TOTAL:	<u>\$ 7,006,742</u>	<u>\$ 6,628,601</u>



RECREATION AND PARK COMMISSION
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NOTES TO THE FINANCIAL STATEMENTS

3. CASH AND CASH EQUIVALENTS (continued)

Under state law, the 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, \$636,315 was covered by federal depository insurance and \$6,370,427 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.

4. INVESTMENTS

At December 31, 1997 the agency has investments consisting of:

	<u>Book Value</u>	<u>Market Value</u>
Marketable Equity Securities	\$ 299,378	\$ 1,412,801
TOTAL:	<u>\$ 299,378</u>	<u>\$ 1,412,801</u>

Marketable equity investments at December 31, 1997 consist of 24,659 shares of common and preferred stock in various corporations. The stock was originally acquired by donation in 1985. Additional certificates have been acquired due to splits and stock dividends. The certificates are held by a brokerage firm in the Commission's name. These certificates are valued at the lower of aggregate acquisition or aggregate market value. The aggregate acquisition value of the shares is \$299,378, which is the aggregate market price of the remaining stock certificates at the date the certificates were donated to the Commission. The current aggregate market value of the certificates is \$1,412,801, which is the aggregate value quoted by the New York Stock Exchange at the close of business on December 31, 1997. The lower value of \$299,378, as reflected on Statement A, is used for reporting purposes.

Effective for fiscal reporting years beginning after June 15, 1997, (effective to the Commission for the year ended December 31, 1998), the Governmental Accounting Standards Board has issued GASB statement 31, *Accounting and Financial Reporting for Certain Investments and for Internal Investment Pools*. Under this pronouncement, the marketable equity securities will be reported at market value and the corresponding change in value will be recognized in the statement of revenues, expenditures and changes in fund balances. This statement is expected to have a material effect on the capital projects' fund's net fund balance and results of operations.

RECREATION AND PARK COMMISSION
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NOTES TO THE FINANCIAL STATEMENTS

5 RECEIVABLES

The following is a summary of receivables at December 31, 1997:

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Special Revenue Funds</u>
Ad valorem taxes	\$ 13,109,370	\$ 2,947,409	\$ -
Intergovernmental revenues:			
State revenue sharing	626,201	161,834	-
Federal grants	412	70,300	-
Accounts receivable	3,963	-	-
Interest receivable	-	2,881	58,805
Long-term debentures	-	1,200	-
TOTALS	<u>\$ 13,739,946</u>	<u>\$ 3,183,624</u>	<u>\$ 58,805</u>

6. 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, January 1, 1997	\$ 16,384,852	\$ 46,794,612	\$ 10,283,562	\$ 73,463,026
Additions	69,000	2,585,139	1,130,295	3,784,434
Deletions	-	-	(257,318)	(257,318)
Balance, December 31, 1997	<u>\$ 16,453,852</u>	<u>\$ 49,379,751</u>	<u>\$ 11,156,539</u>	<u>\$ 76,990,142</u>

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

7. 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 for the EBRERS. 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 8.00 percent of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The current rate is 15.08 percent 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, 1997, 1996 and 1995, were \$982,829, \$907,426 and \$851,477, respectively, equal to the required contributions for each year.

8. 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 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 \$96,176 in 1997.

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

NOTES TO THE FINANCIAL STATEMENTS

9. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the general long-term obligation transactions for the year ended December 31, 1997:

	<u>Compensated Absences</u>	<u>Claims and Judgments</u>	<u>Total</u>
Long-term obligations payable at January 1, 1997	\$ 1,255,288	\$ 321,500	\$ 1,576,788
Additions	440,931	-	440,931
Retirements	(328,390)	(321,500)	(649,890)
Long-term obligations payable at December 31, 1997	<u>\$ 1,367,829</u>	<u>\$ -</u>	<u>\$ 1,367,829</u>

10. LITIGATION AND CLAIMS

The Commission is a defendant in various lawsuits. For those lawsuits whose ultimate losses could be reasonably estimated, \$374,106 has been recorded as a liability in self insurance fund.

11. 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
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

11. 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 of \$40,000. The combined coverage for property damage and bodily injury is \$500,000 per occurrence. The maximum cumulative exposure to vehicle accident claims in 1997 was \$40,000.

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 January 1, 1997	\$ 72,990	\$ 75,000	\$ 83,606	\$ 231,596
Claims Incurred in 1997	243,851	153,967	37,638	435,456
Claims Paid in 1997	(163,624)	(75,967)	(53,355)	(292,946)
Claims Liability at December 31, 1997	<u>\$ 153,217</u>	<u>\$ 153,000</u>	<u>\$ 67,889</u>	<u>\$ 374,106</u>

12. DEFERRED COMPENSATION

The Commission offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans (one available to all Commission employees, and the other available only to Commission employees who are not eligible for the City of Baton Rouge and Parish of East Baton Rouge Retirement System Deferred Retirement Option Plan) permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.



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

12. DEFERRED COMPENSATION (continued)

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Commission (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Commission's general creditors. Participants' rights under the plan are equal to those of general creditors of the Commission in an amount equal to the fair market value of the deferred account for each Commission participant.

It is the opinion of the Commission's legal counsel that the Commission has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Commission believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

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 of the fund balance of the General Fund is set aside. The beneficiary is paid \$4,000 upon the death of the retiree. At December 31, 1997, there were 49 such retirees, and fund balance designated for these retirees total \$196,000.

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.

No changes in designations of the fund balances of any of the Funds occurred in 1997.

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		\$	116,252
Inventories and Supplies			413,268
Total: General Fund			<u>529,520</u>
Capital Improvements Fund:			
Encumbrances			799,776
Inventory and Supplies			30,628
Total: Capital Improvements Fund			<u>830,404</u>
Total reserved fund balances		\$	<u>1,359,924</u>

14. LEASES

At December 31, 1997, the Commission had no outstanding capital leases for buildings, equipment, or other. There were no leases outstanding during 1997.

15. NOTES PAYABLE

At December 31, 1997, the Commission had outstanding debt in the principal amount of \$6,500,000 as follows:

<u>Financial Institution</u>	<u>Principal</u>	<u>Origination Date</u>
Whitney National Bank	\$ 2,500,000	November 21, 1997
City National Bank	4,000,000	September 25, 1997

The notes bear interest payable to Whitney National Bank at an interest rate of 4.17%; and to City National Bank at an interest rate of 4.04%. The notes are secured by the pledge of ad valorem tax revenues that will be collected in 1998. The amount of debt authorized by the Louisiana State Bond Commission for issuance as of December 31, 1997 was eight million dollars. Subsequent to the date of these financial statements, these obligations were paid in full.

RECREATION AND PARK COMMISSION
FOR THE PARISH OF EAST BATON ROUGE
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SPECIAL REVENUE FUND
COMBINING BALANCE SHEET, DECEMBER 31, 1997
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 1996)

ASSETS

	Senior Citizens Fund	Mineral Endowment Fund	Dream Daycamp Fund	Totals	
				1997	1996
Demand deposits	\$ 34,511	\$ -	\$ 61,746	\$ 96,257	\$ 64,405
Time deposits	-	919,780	200,000	1,119,780	909,885
Interest receivable	-	46,909	11,896	58,805	101,480
Total Assets	\$ 34,511	\$ 966,689	\$ 273,642	\$ 1,274,842	\$ 1,075,770

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 452	\$ -	\$ -	\$ 452	\$ 411
Total Liabilities	452	-	-	452	411
Fund Balance:					
Undesignated, unreserved	34,059	966,689	273,642	1,274,390	1,075,359
Total Liabilities and Fund Balance	\$ 34,511	\$ 966,689	\$ 273,642	\$ 1,274,842	\$ 1,075,770

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, 1997
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 1996)

REVENUES

	Senior Citizens Fund	Mineral Endowment Fund	Dream Daycamp Fund	Totals	
				1997	1996
Craft Sales	\$ 6,398	\$ -	\$ -	\$ 6,398	\$ 6,340
Miscellaneous Revenue	1,823	-	-	1,823	396
Daycamp Revenue	-	-	30,000	30,000	52,999
Oil Lease Revenue	-	98,013	-	98,013	30,000
Interest Revenue	-	57,957	11,251	69,208	-
Total Revenues	8,221	155,970	41,251	205,442	89,735

EXPENDITURES

Cost of Goods Sold	4,353	-	-	4,353	5,265
Travel Expenditures	1,072	-	-	1,072	-
Miscellaneous	986	-	-	986	-
Total Expenditures	6,411	-	-	6,411	5,265
Excess Revenues Over Expenditures	1,810	155,970	41,251	199,031	84,470
Fund Balance, beginning of year	32,249	810,719	232,391	1,075,359	990,889
Fund Balance, end of year	\$ 34,059	\$ 966,689	\$ 273,642	\$ 1,274,390	\$ 1,075,359