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

**BATON ROUGE, LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8-1-01



**RECREATION AND PARK COMMISSION**  
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**BATON ROUGE, LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000**



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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 and for the year ended December 31, 2000, 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, 2000, 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 each of the two years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

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.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
April 24, 2001



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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**

The Honorable Members of the  
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, 2000 and for the year then ended and have issued our report thereon dated April 24, 2001. 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Commission in a separate letter dated April 24, 2001.

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. Under revised statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
April 24, 2001

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, 2000

	Governmental Fund Types			Proprietary Fund Type		Account Groups			(Memorandum Only)	
	General Fund	Special Revenue Funds	Capital Projects Fund	Self Insurance Internal Service Fund	General Fixed Assets	Long -Term Debt	2000 Total	1999 Total		
<b>ASSETS:</b>										
Cash and certificates of deposit	\$ 1,013,217	\$ 1,531,285	\$ 5,717,316	\$ 4,054,313	\$ -	\$ -	\$ 12,316,131	\$ 12,353,137		
Revenue receivable	16,541,047	73,498	3,721,458	79,794	-	-	20,415,797	19,121,702		
Due from other funds	-	-	1,104,448	-	-	-	1,104,448	2,008,768		
Prepaid expenses and other	16,232	-	70	37,354	-	-	53,656	43,867		
Merchandise inventory	136,963	-	-	-	-	-	136,963	140,996		
Supply inventory	202,109	-	21,623	-	-	-	223,732	239,699		
Marketable equity securities	-	-	2,078,638	-	-	-	2,078,638	2,021,434		
Fixed assets	-	-	-	-	88,219,497	-	88,219,497	81,926,911		
Amount to be provided for long term obligations	-	-	-	-	-	1,852,155	1,852,155	1,736,376		
<b>TOTAL ASSETS</b>	<b>\$ 17,909,568</b>	<b>\$ 1,604,783</b>	<b>\$ 12,643,553</b>	<b>\$ 4,171,461</b>	<b>\$ 88,219,497</b>	<b>\$ 1,852,155</b>	<b>\$ 126,401,017</b>	<b>\$ 119,592,890</b>		

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, 2000

	Governmental Fund Types			Proprietary Fund Type		Account Groups			(Memorandum Only)	
	General Fund	Special Revenue Funds	Capital Projects Fund	Self Insurance Internal Service Fund	General Fixed Assets	Long -Term Debt	2000 Total	1999 Total		
<b>LIABILITIES AND FUND EQUITY:</b>										
Liabilities:										
Accounts payable	\$ 387,082	\$ 698	\$ 114,583	\$ 22,873	\$ -	\$ -	\$ 525,236	\$ -	\$ 671,048	
Accrued expenses	102,263	-	-	-	-	-	102,263	-	159,138	
Due to other funds	1,104,448	-	-	-	-	-	1,104,448	-	2,008,768	
Bank loans payable	8,000,000	-	-	-	-	-	8,000,000	-	7,600,000	
Deferred revenues	37,929	-	-	-	-	-	37,929	-	41,543	
Compensated absences payable	-	-	-	-	-	1,639,155	1,639,155	-	1,528,376	
Claims and judgments payable	-	-	-	440,610	-	-	440,610	-	355,607	
Reserve for life insurance claims	-	-	-	-	-	213,000	213,000	-	208,000	
Deductions from ad valorem taxes payable	424,507	-	92,554	-	-	-	517,061	-	483,795	
<b>Total Liabilities</b>	<b>\$ 10,056,229</b>	<b>\$ 698</b>	<b>\$ 207,137</b>	<b>\$ 463,483</b>	<b>\$ -</b>	<b>\$ 1,852,155</b>	<b>\$ 12,579,702</b>	<b>\$ -</b>	<b>\$ 13,056,275</b>	

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, 2000

	Governmental Fund Types			Proprietary	Account Groups			(Memorandum Only)
	General Fund	Special Revenue Fund	Capital Projects Fund	Self Insurance Internal Service Fund	General Fixed Assets	Long -Term Debt	2000 Total	
\$	-	\$ -	\$ -	\$ 3,607,978	\$ -	-	\$ 3,607,978	\$ 3,503,573
Unreserved	-	-	-	100,000	-	-	100,000	100,000
Reserved	-	-	-	-	-	-	-	-
Fund Balances:								
Reserve for:								
Inventory	339,072	-	21,623	-	-	-	360,695	380,695
Encumbrances	756,694	-	586,006	-	-	-	1,342,700	3,764,221
Designated for:								
Retirees' life insurance	213,000	-	-	-	-	-	213,000	208,000
Self insurance program	-	-	-	-	-	-	-	1,200,000
Botanical Garden	-	-	1,600	-	-	-	1,600	1,600
Independence Park Bldg.	-	-	-	-	-	-	-	2,000,000
Golf course construction	-	-	3,200,000	-	-	-	3,200,000	3,200,000
Undesignated, unreserved	6,544,573	1,604,085	8,627,187	-	-	-	16,775,845	10,251,615
Equity and other credits:								
Investments in fixed assets	-	-	-	-	88,219,497	-	88,219,497	81,926,911
Total Fund Equity	7,853,339	1,604,085	12,436,416	3,707,978	88,219,497	-	113,821,315	106,536,615
TOTAL LIABILITIES AND FUNDEQUITY	\$ 17,909,568	\$ 1,604,783	\$ 12,643,553	\$ 4,171,461	\$ 88,219,497	\$ 1,852,155	\$ 126,401,017	\$ 119,592,890

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, 2000

	Governmental Fund Types			(Memorandum Only)	
	General Fund	Special Revenue Fund	Capital Projects Funds	2000 Total	1999 Total
<b>REVENUES</b>					
Federal Sources:					
Project grant	\$ -	\$ -	\$ 191,000	\$ 191,000	\$ 168,185
State Sources:					
Revenue sharing	972,772	-	226,774	1,199,546	1,185,554
Project grants	100,000	-	27,510	127,510	329,399
Parish Sources:					
Ad Valorem taxes	15,626,829	-	3,405,225	19,032,054	17,679,846
Recreation activity fees	5,561,069	-	-	5,561,069	5,463,680
Interest income	97,264	95,726	469,020	662,010	564,851
Dividends from donated stocks	-	-	36,515	36,515	35,620
Increase (decrease) in fair value of equity securities	-	-	(97,940)	(97,940)	311,976
Donations and miscellaneous	209,020	35,595	2,350,282	2,594,897	162,475
<b>TOTAL REVENUES</b>	<b>\$ 22,566,954</b>	<b>\$ 131,321</b>	<b>\$ 6,608,386</b>	<b>\$ 29,306,661</b>	<b>\$ 25,901,586</b>

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, 2000

	Governmental Fund Types				(Memorandum Only)	
	General Fund	Special Revenue Fund	Capital Projects Funds	2000 Total	1999 Total	
<b><u>EXPENDITURES</u></b>						
Administration and planning	\$ 4,188,240	\$ -	\$ 92,554	\$ 4,280,794	\$ 4,074,168	
Recreation department administrative	345,237	-	-	345,237	396,943	
Maintenance department operations	7,182,589	-	-	7,182,589	6,752,735	
Recreation program operations	10,009,684	30,770	-	10,040,454	9,225,997	
Community outreach	542,943	-	-	542,943	619,738	
Capital outlay	-	-	6,026,935	6,026,935	2,166,150	
<b>TOTAL EXPENDITURES</b>	<b>22,268,693</b>	<b>30,770</b>	<b>6,119,489</b>	<b>28,418,952</b>	<b>23,235,731</b>	
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>298,261</b>	<b>100,551</b>	<b>488,897</b>	<b>887,709</b>	<b>2,665,855</b>	
<b>FUND BALANCE, beginning of year</b>	<b>7,555,078</b>	<b>1,503,534</b>	<b>11,947,519</b>	<b>21,006,131</b>	<b>18,340,276</b>	
<b>FUND BALANCE, end of year</b>	<b>\$ 7,853,339</b>	<b>\$ 1,604,085</b>	<b>\$ 12,436,416</b>	<b>\$ 21,893,840</b>	<b>\$ 21,006,131</b>	

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**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<b><u>REVENUES</u></b>			
Ad valorem taxes	\$ 15,300,000	\$ 15,626,829	\$ 326,829
Recreation activity fees	5,469,000	5,561,069	92,069
Intergovernmental revenues:			
State grants	200,000	100,000	(100,000)
Federal grants	-	-	-
State revenue sharing	925,000	972,772	47,772
Investment income	200,000	97,264	(102,736)
Donations and miscellaneous	40,000	209,020	169,020
<b>TOTAL REVENUES</b>	<b>22,134,000</b>	<b>22,566,954</b>	<b>432,954</b>
<b><u>EXPENDITURES</u></b>			
Administrative and planning	3,935,000	4,188,240	(253,240)
Recreation department administrative	349,000	345,237	3,763
Maintenance department operations	7,091,000	7,182,589	(91,589)
Recreational program operations	9,996,000	10,009,684	(13,684)
Community outreach	540,000	542,943	(2,943)
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>21,911,000</b>	<b>22,268,693</b>	<b>(357,693)</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>223,000</b>	<b>298,261</b>	<b>75,261</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>7,555,078</b>	<b>7,555,078</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 7,778,078</b>	<b>\$ 7,853,339</b>	<b>\$ 75,261</b>

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)
\$ -	\$ -	\$ -	\$ 3,450,000	\$ 3,405,225	\$ (44,775)
-	-	-	-	-	-
-	-	-	50,000	27,510	(22,490)
-	-	-	200,000	191,000	(9,000)
-	-	-	220,000	226,774	6,774
45,000	95,726	50,726	300,000	407,595	107,595
40,000	35,595	(4,405)	80,000	2,350,282	2,270,282
<u>85,000</u>	<u>131,321</u>	<u>46,321</u>	<u>4,300,000</u>	<u>6,608,386</u>	<u>2,308,386</u>
-	-	-	90,000	92,554	(2,554)
-	-	-	-	-	-
-	-	-	-	-	-
20,000	30,770	(10,770)	-	-	-
-	-	-	-	-	-
-	-	-	6,190,000	6,026,935	163,065
<u>20,000</u>	<u>30,770</u>	<u>(10,770)</u>	<u>6,280,000</u>	<u>6,119,489</u>	<u>160,511</u>
65,000	100,551	35,551	(1,980,000)	488,897	2,468,897
<u>1,503,534</u>	<u>1,503,534</u>	<u>-</u>	<u>11,947,519</u>	<u>11,947,519</u>	<u>-</u>
<u>\$ 1,568,534</u>	<u>\$ 1,604,085</u>	<u>\$ 35,551</u>	<u>\$ 9,967,519</u>	<u>\$ 12,436,416</u>	<u>\$ 2,468,897</u>



**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, 2000 AND 1999**

	<u>2000</u>	<u>1999</u>
<b><u>Operating Revenues:</u></b>		
Auto liability premiums	\$ 65,000	\$ 160,000
Workers Comp. Premiums	398,943	385,069
General liability premiums	-	18,000
	<hr/>	<hr/>
Total Operating Revenues	463,943	563,069
	<hr/>	<hr/>
<b><u>Operating Expenses:</u></b>		
Claims expenses	546,871	237,998
Insurance expense	81,276	117,187
Administration expense	60,136	61,697
	<hr/>	<hr/>
Total Operating Expenses	688,283	416,882
	<hr/>	<hr/>
<b><u>Operating Income (Loss)</u></b>	(224,340)	146,187
	<hr/>	<hr/>
<b><u>Non-Operating Revenues:</u></b>		
Interest income	303,875	215,357
Miscellaneous revenue	24,870	-
	<hr/>	<hr/>
Total Non-Operating Revenues	328,745	215,357
	<hr/>	<hr/>
<b><u>Net Income</u></b>	104,405	361,544
	<hr/>	<hr/>
<b><u>Retained earnings at Beginning of year</u></b>	3,603,573	3,242,029
	<hr/>	<hr/>
<b><u>Retained earnings at End of year</u></b>	<u>\$ 3,707,978</u>	<u>\$ 3,603,573</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, 2000 AND 1999**

	<u>2000</u>	<u>1999</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Operating income (loss)	\$ (224,340)	\$ 146,187
Adjustments to reconcile operating income to net cash provided by operating activities:		
<u>Net changes in:</u>		
Claims payable	85,003	(43,832)
Accounts payable	7,772	15,101
Prepaid insurance	(25,913)	22,882
Due to/from other funds	(17,590)	17,590
	<u>(175,068)</u>	<u>157,928</u>
Net cash provided by (used in) operating activities		
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Interest on investments	296,845	228,699
Net change in certificates of deposit	100,000	(700,000)
Miscellaneous	24,870	-
	<u>421,715</u>	<u>(471,301)</u>
Net cash provided by (used in) investing activities		
Net increases (decreases) in cash	246,647	(313,373)
<b><u>Cash and cash equivalents, Beginning of year</u></b>	<u>1,207,666</u>	<u>1,521,039</u>
<b><u>Cash and cash equivalents, End of year</u></b>	<u>1,454,313</u>	<u>1,207,666</u>
Add:		
Certificates of deposit with original maturities in excess of 3 months	<u>2,600,000</u>	<u>2,700,000</u>
<b><u>Cash and certificates of deposit, End of year</u></b>	<u>\$ 4,054,313</u>	<u>\$ 3,907,666</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 corporate body 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** (continued)

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, 2000 was prepared using the modified accrual basis of accounting and was completed and made available for public inspection at the Superintendent's office on November 1, 1999. The budget for 2000 was adopted at a public budget hearing on November 23, 1999. Amendments to the budget were presented to the Commission and approved at public meetings on April 25 and July 25, 2000.

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, Certificates of Deposit and Investments**

Under state law, the Commission may deposit demand 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.

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

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

II. **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 movable 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).

At December 31, 2000, employees of the Recreation and Park Commission for the Parish of East Baton Rouge have accumulated and vested \$1,639,155 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 31<sup>st</sup> is recorded as a general long-term obligation in the accompanying 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** (continued)

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 available for appropriation or 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.

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. In addition, such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

N. **Estimates**

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



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

**NOTES TO THE FINANCIAL STATEMENTS**

**3. LEVIED TAXES**

The following is a summary of authorized and levied ad valorem taxes for the year ended December 31, 2000:

	Authorized Millage	Levied Millage
Parishwide taxes:		
Maintenance and operations	8.99	8.99
Capital improvements	1.96	1.96
Total	10.95	10.95

**4. CASH AND CERTIFICATES OF DEPOSIT**

At December 31, 2000 the agency has cash and cash equivalents as follows:

	Bank Balance	Book Balance
Petty cash	\$ -	\$ 14,605
Demand deposits with banks (interest bearing)	4,000,298	3,550,710
Time deposits with banks	8,892,941	8,750,816
<b>TOTAL:</b>	<b>\$ 12,893,239</b>	<b>\$ 12,316,131</b>

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, \$597,409 was covered by federal depository insurance and \$12,295,830 was covered by collateral held by the pledging bank's agent in the Commission's name (Category 2). 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.

A certificate of deposit in the amount of \$100,000 is held jointly in trust with the Louisiana Office of Workers Compensation.



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

**5. INVESTMENT SECURITIES**

At December 31, 2000 the Commission had investment securities consisting of:

	<u>Cost</u>	<u>Fair Value</u>
Marketable Equity Securities	\$ 460,791	\$ 2,078,638

Marketable equity securities at December 31, 2000 consist of 37,814 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 is in the custody of a brokerage firm that is a member of the Securities Investor Protection Corporation (Category 1). Fair values are based upon quoted prices of the New York Stock Exchange as of the close of business on December 29, 2000.

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

**6. RECEIVABLES**

The following is a summary of receivables at December 31, 2000:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Self Insurance Funds</u>
Ad valorem taxes	\$ 15,871,169	\$ -	\$ 3,460,159	\$ -
Intergovernmental revenues:				
State revenue sharing	648,515	-	151,183	-
Accounts receivable	3,260	-	-	-
Miscellaneous receivables	4,216	-	1,200	-
Interest receivable	<u>13,887</u>	<u>73,498</u>	<u>108,916</u>	<u>79,794</u>
<b>TOTALS</b>	<b><u>\$ 16,541,047</u></b>	<b><u>\$ 73,498</u></b>	<b><u>\$ 3,721,458</u></b>	<b><u>\$ 79,794</u></b>



**RECREATION AND PARK COMMISSION**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**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, 1999	\$ 17,078,244	\$ 52,238,244	\$ 12,610,423	\$ 81,926,911
Additions	2,028,000	3,972,725	983,926	6,984,651
Deletions	<u>-</u>	<u>-</u>	<u>(692,065)</u>	<u>(692,065)</u>
Balance, December 31, 2000	<u>\$ 19,106,244</u>	<u>\$ 56,210,969</u>	<u>\$ 12,902,284</u>	<u>\$ 88,219,497</u>

**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 (EBRERS), a multiple employer public employee retirement system. 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 9.50% of their covered salary from January through May 2000, and 8.00% of their covered salary from June through December 2000; and the Commission is required to contribute at an actuarially determined rate. The Commission's required rate was 16.13% of covered payroll from January through May, 2000, and 9.57% of covered payroll from June through mid-September 2000, and 13.85% of covered payroll from mid-September through December 2000. 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, 2000, 1999, and 1998 were \$679,245, \$754,218, and \$729,222, respectively, equal to the required contributions for each year.



**RECREATION AND PARK COMMISSION**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**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 \$107,627 in 2000.

**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, 2000:

	<u>Compensated Absences</u>	<u>Reserve for Life Insurance</u>	<u>Total</u>
Long-term obligations payable at December 31, 1999	\$ 1,528,376	\$ 208,000	\$ 1,736,376
Additions	547,681	9,000	556,681
Retirements	<u>(436,902)</u>	<u>(4,000)</u>	<u>(440,902)</u>
Long-term obligations payable at December 31, 2000	<u>\$ 1,639,155</u>	<u>\$ 213,000</u>	<u>\$ 1,852,155</u>

**11. LITIGATION AND CLAIMS**

The Commission is a defendant in various lawsuits. For those lawsuits whose ultimate losses could be reasonably estimated, \$302,200 has been recorded as a liability in the self insurance fund. Management and legal counsel for the Commission believe that the potential unrecorded claims against the Commission would not materially effect the Commission's financial position.





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

**NOTES TO THE FINANCIAL STATEMENTS**

**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.

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 \$50,000 per occurrence. The combined coverage for property damage and bodily injury is \$500,000 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>Auto Liability</u>	<u>General Liability</u>	<u>Total</u>
Claims Liability at December 31, 1999	\$ 71,098	\$ 184,509	\$ 100,000	\$ 355,607
Claims incurred and changes in estimates	302,894	( 10,881)	254,858	546,871
Claims paid	( 258,806)	( 150,404)	( 52,658)	( 461,868)
Claims Liability at December 31, 2000	<u>\$ 115,186</u>	<u>\$ 23,224</u>	<u>\$ 302,200</u>	<u>\$ 440,610</u>



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

**13. DESIGNATED FUND EQUITY**

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, 2000, there were 52 such retirees, 47 that qualify at \$4,000 and 5 that qualify at \$5,000. The fund balance designated for these retirees totals \$213,000.

**Major Capital Projects**

The Commission has designated portions of the Capital Projects fund towards construction of major capital projects as deemed necessary, such as the Beaver Creek Golf Course and the Independence Park Theater.

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

	Balance at December 31, <u>1999</u>	<u>Additions</u>	<u>Deletions</u>	Balance at December 31, <u>2000</u>
Designated fund balances:				
General Fund				
Retirees Life Insurance	\$ 208,000	\$ 9,000	(\$ 4,000)	\$ 213,000
Self-Insurance Program	1,200,000	-	( 1,200,000)	-
Capital Improvement				
Beaver Creek Golf Course	3,200,000	-	-	3,200,000
Independence Park Theater	2,000,000	-	( 2,000,000)	-
Botanical Garden	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>1,600</u>
	<u>\$ 6,609,600</u>	<u>\$ 9,000</u>	<u>(\$ 3,204,000)</u>	<u>\$ 3,414,600</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 EQUITY** (continued)

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

General Fund:		
Encumbrances	\$	756,694
Inventories and Supplies		<u>339,072</u>
Total: General Fund		<u>1,095,766</u>
Capital Projects Fund:		
Encumbrances		586,006
Inventory and Supplies		<u>21,623</u>
Total: Capital Projects Fund		<u>607,629</u>
Self-Insurance Fund:		
Amounts pledged to and held in joint custody with the Louisiana Office of Workers Compensation		<u>100,000</u>
Total reserved fund equity	\$	<u>1,803,395</u>

**14. NOTES PAYABLE**

At December 31, 2000, the Commission had outstanding debt in the principal amount of \$8,000,000 as follows:

<u>Financial Institution</u>	<u>Principal</u>	<u>Origination Date</u>
Bank One, Louisiana	\$ 8,000,000	October 2, 2000

The note bears interest payable to City National Bank at an interest rate of 4.480%. The note is secured by the pledge of ad valorem tax revenues to be collected in 2001. The amount of debt authorized by the Louisiana State Bond Commission for issuance as of December 31, 2000 was eight million five hundred thousand dollars. Subsequent to the date of these financial statements, this obligation was paid in full.

**15. COMMITMENTS**

During the year ended December 31, 2000, the Commission received a donation of a tract of land, with the stipulation that the Commission must construct and operate an eighteen hole golf course upon the land. Subsequent to the date of these financial statements, the Commission entered into a contract for certain aspects of the construction of the golf course for approximately \$3,500,000. Total anticipated outlay for golf course is approximately \$6,500,000.



**RECREATION AND PARK COMMISSION**  
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**BATON ROUGE, LOUISIANA**

**SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET, DECEMBER 31, 2000**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 1999)**

**ASSETS**

	Senior Citizens Fund	Mineral Endowment Fund	Dream Daycamp Fund	Totals	
				2000	1999
Demand deposits	36,196	54,570	383,505	474,271	419,644
Time deposits	-	1,057,014	-	1,057,014	1,057,014
Due from other funds	-	-	-	-	27,363
Interest receivable	-	73,498	-	73,498	5,039
<b>Total Assets</b>	<b>\$ 36,196</b>	<b>\$ 1,185,082</b>	<b>\$ 383,505</b>	<b>\$ 1,604,783</b>	<b>\$ 1,509,060</b>

**LIABILITIES AND FUND BALANCE**

Accounts Payable	\$ 698	\$ -	\$ -	\$ 698	\$ -
Due to other funds	-	-	-	-	5,526
<b>Total Liabilities</b>	<b>698</b>	<b>-</b>	<b>-</b>	<b>698</b>	<b>5,526</b>
Fund Balance:					
Undesignated, unreserved	35,498	1,185,082	383,505	1,604,085	1,503,534
<b>Total Liabilities and Fund Balance</b>	<b>\$ 36,196</b>	<b>\$ 1,185,082</b>	<b>\$ 383,505</b>	<b>\$ 1,604,783</b>	<b>\$ 1,509,060</b>

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

**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 1999)**

	<b><u>REVENUES</u></b>				
	Senior Citizens Fund	Mineral Endowment Fund	Dream Daycamp Fund	Totals	
				2000	1999
Craft Sales	\$ 2,875	\$ -	\$ -	\$ 2,875	\$ 8,287
Miscellaneous Revenue	22,720	-	10,000	32,720	1,011
Oil Lease Revenue	-	-	-	-	3,087
Interest Revenue	-	77,073	18,653	95,726	77,775
<b>Total Revenues</b>	<b>25,595</b>	<b>77,073</b>	<b>28,653</b>	<b>131,321</b>	<b>90,160</b>
<b><u>EXPENDITURES</u></b>					
Program Expenditures	30,770	-	-	30,770	5,488
<b>Total Expenditures</b>	<b>30,770</b>	<b>-</b>	<b>-</b>	<b>30,770</b>	<b>5,488</b>
Excess Revenues Over Expenditures	(5,175)	77,073	28,653	100,551	84,672
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Interfund transfers	-	-	-	-	30,000
Total other financing sources (uses)	-	-	-	-	30,000
Excess Revenues Over Expenditures and Other Financing Sources	(5,175)	77,073	28,653	100,551	114,672
Fund Balance, beginning of year	40,673	1,108,009	354,852	1,503,534	1,388,862
<b>Fund Balance, end of year</b>	<b>\$ 35,498</b>	<b>\$ 1,185,082</b>	<b>\$ 383,505</b>	<b>\$ 1,604,085</b>	<b>\$ 1,503,534</b>





**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
www.pncpa.com

April 24, 2001

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

In planning and performing our audit of the financial statements of the Recreation and Park Commission of East Baton Rouge (BREC) for the year ended December 31, 2000, we considered BREC's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The items discussed below summarize our comments and suggestions regarding those matters.

1) Inventory

Condition: For a number of inventory items, there were sizeable differences between the number of units present per the perpetual inventory system and that per the physical count performed as of year-end. The financial statements properly reflect adjustments made at year-end for quantities physically counted. However, such differences could signal problems in controls over the assets.

Recommendation: For significant dollar inventory items, and for those particularly vulnerable to theft, variances between the perpetual records and physical counts should be investigated. Additionally, the custodians of such items should have an accountability for missing items.

2) Entries to Fund Balance

Condition: Many entries occurred to the fund balance account. Such entries can distort the results of operations because they are omitted from the revenue/expenditures of the entity.

Recommendation: Entries to the Fund Balance account should be rare, and furthermore, should be limited to prior period adjustments. All other transactions or entries should be reflected through revenue and expense.

We have already discussed these comments and suggestions with various BREC personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. We appreciate the opportunity to serve as your external auditors.

Sincerely,

*Postlithwaite & Nettunville*



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

***B R E C***

***3140 N. Sherwood Forest Dr.  
P. O. Box 15887  
Baton Rouge, LA 70895  
(225) 272-9200 ext 522 \*\*\* fax: (225) 273-6406  
MProctor@BREC.Org***

June 29, 2001

Mr. Freddy Smith  
Postlethwaite & Netterville, APAC  
8550 United Plaza Blvd, Suite 1001  
Baton Rouge, LA 70809

Dear Mr. Smith:

This letter serves to provide a response to the "Schedule of Prior Year Findings", i.e, those finding from your audit of our 1999 Financial Statements; and also a response to those findings addressed in your management letter of June 15, 2001 regarding your audit of our 2000 Financial Statements.

Response to Prior Year (1999) Findings:

Regarding Bids for Motor Fuel Purchases:

Condition: In your letter to management for the year ended December 31, 1999, you commented that there were an insufficient number of bidders for fuel purchases (minimum required: 3), and that we should have at least 3 bidders.

Response: We have remedied this situation by requiring that all motor fuel purchases are bid by at least three different suppliers. It is normal now to have four bids for motor fuel, and there have been no exceptions to this rule since it was addressed in your audit.

Response to 2000 Management Letter Findings:

In your letter to management dated June 15, 2001 there are two findings. One regarding merchandise inventory; the other regarding entries to fund balance.

Regarding Merchandise Inventory:

Condition: In your management letter you stated that there were sizeable discrepancies between the physical counts and the perpetual balances.

Response: We will attempt to minimize these differences in the future by conducting more physical inventory counts prior to the end of the year. It appears that there is insufficient time to correct all the discrepancies if corrections have to be addressed in a short time period immediately after year end. We will conduct another physical inventory at November 30 to identify problems before the year-end inventory; and thus minimize problems and their corresponding corrections at December 31.



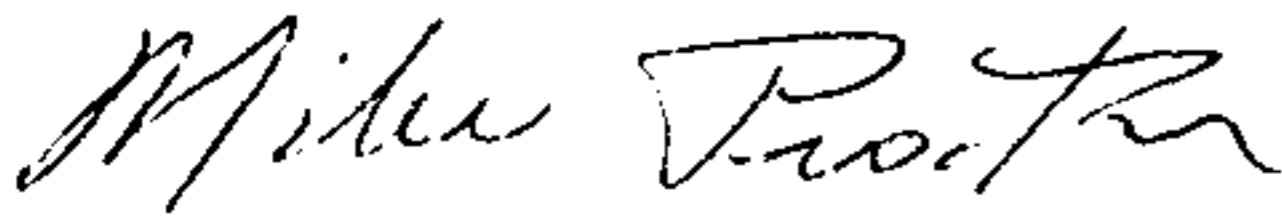
Regarding Fund Balance Entries:

Condition: In your management letter you stated that there are an excessive number of entries posted to the Fund Balance account.

Response: We have made to discontinue this practice as much as possible, and to reduce the number of entries to fund balance. We will make most of our prior year adjusting entries to the "Miscellaneous Revenue" account. This will have the same end result as an entry to fund balance, but will not clutter the Fund Balance Account with a multitude of adjustments. Distortions to current year revenues should be immaterial.

As always, we thank you for your time and effort on our audit, and appreciate the help that you provide to our office.

Respectfully,

A handwritten signature in cursive script that reads "John M. Proctor".

John M. Proctor  
Finance Director