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CITY OF BAKER, LOUISIANA
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2004

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 1-26-05

The Honorable Harold M. Rideau, Mayor

Council Members

James "Jimmy" Pourciau
Fred O. Russell
Dr. Charles Vincent
A. J. Walls
J. E. "Trac" Welch

**CITY OF BAKER, LOUISIANA
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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JOHN D. BUTLER & COMPANY
A PROFESSIONAL ACCOUNTING CORPORATION
P. O. BOX 30
BAKER, LOUISIANA 70704-0030

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INDEPENDENT AUDITORS' REPORT

November 19, 2004

The Honorable Harold Rideau, Mayor,
and the Members of the City Council
City of Baker, Louisiana
P. O. Box 707
Baker, Louisiana 70704-0707

We have audited the accompanying basic financial statements of the City of Baker, Louisiana as of June 30, 2004, and for the year then ended, as listed in the table of contents. These basic financial statements are the responsibility of the City of Baker, Louisiana's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City of Baker, Louisiana as of June 30, 2004, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

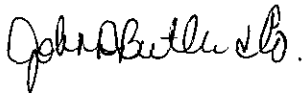
Independent Auditors' Report
November 19, 2004
Page Two

The required supplemental information, as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This required supplemental information is the responsibility of the City of Baker, Louisiana's management. It has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2004, on our consideration of the City of Baker, Louisiana'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 basic financial statements taken as a whole. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Baker, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Sincerely,

A handwritten signature in cursive script, appearing to read "John D. Butler & Co.", followed by a period.

John D. Butler & Company
A Professional Accounting Corporation

**REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 OF 2)**

**CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2004**

As management of the City of Baker, we offer readers of the City of Baker's financial statements this narrative overview and analysis of the financial activities of the City of Baker for the fiscal year ended June 30, 2004. The emphasis of discussions about these statements will be on current year data.

This discussion and analysis of the City of Baker's financial statements provide an overview of its financial activities for the year.

Financial Highlights

- * The assets of the City of Baker exceeded its liabilities at the close of the most recent fiscal year by \$15,568,727.37 (net assets). Of this amount, \$5,212,552.27 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The City of Baker's total net assets increased by \$3,040.07. While revenues decreased, expenditures were held in check in order to produce this slight increase in net assets.
- * Interest earned is being retained to meet unanticipated future obligations and costs.
- * As of the close of the fiscal year, the City of Baker's governmental funds reported combined ending fund balances of \$7,532,699.12, a decrease of \$715,715.75 in comparison with the prior year. Just less than ½ of this amount, \$3,437,426.59 is available for spending at the government's discretion (unreserved fund balance).
- * At the end of the current fiscal year, unreserved and undesignated fund balance for the general fund was \$3,437,426.59, or 93% of total general fund balances.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Baker's basic financial statements. The City of Baker's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Baker's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Baker's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Baker is improving or deteriorating.

**CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2004**

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City of Baker that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Baker include general government, public safety, public works, economic development and culture and recreation. The business-type activities of the City of Baker include water, gas, sewer and burial services.

The government-wide financial statements can be found on pages 13-16 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Baker, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Baker can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Baker maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the street maintenance fund, both of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2004

The City of Baker adopts an annual budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund and street maintenance fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 18-23 of this report.

Proprietary funds. The City of Baker maintains only one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Baker uses enterprise funds to account for its utilities (water and gas), sewer and burial services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility, Cemetery and City Parish Sewer Revenue funds, all of which are considered to be major funds of the City of Baker.

The basic proprietary fund financial statements can be found on pages 24-31 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on pages 33-55 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Baker's budgetary comparison schedules for its major governmental funds. The required supplementary information can be found on pages 57-61 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and enterprise funds are presented immediately following the required supplementary information on budgetary comparison schedules. Combining and individual fund statements and schedules can be found on pages 63-114 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Baker, assets exceeded liabilities by \$15,568,727.37 at the close of the most recent fiscal year.

**CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2004**

The following is a summary of the City of Baker's net assets:

CITY OF BAKER				
Net Assets				
	Governmental Activities <u>2004</u>	Governmental Activities <u>2003</u>	Business-type Activities <u>2004</u>	Business-type Activities <u>2003</u>
Assets:				
Current and other assets	\$ 7,774,854.29	\$ 8,503,234.28	\$ 5,008,260.67	\$ 4,773,148.09
Capital assets, net	2,304,803.30	1,858,412.88	4,041,359.90	4,205,188.19
Total assets	<u>10,079,657.59</u>	<u>10,361,647.16</u>	<u>9,049,620.57</u>	<u>8,978,336.28</u>
Liabilities:				
Other liabilities	242,155.17	329,819.41	450,409.62	587,900.80
Long-term liabilities	<u>785,823.39</u>	<u>730,668.29</u>	<u>2,082,162.61</u>	<u>2,122,575.14</u>
Total liabilities	<u>1,027,978.56</u>	<u>1,060,487.70</u>	<u>2,532,572.23</u>	<u>2,710,475.94</u>
Net Assets:				
Investment in capital assets, net of related debt	2,304,803.30	1,858,412.88	4,041,359.90	4,205,188.19
Restricted	3,725,250.90	3,691,230.58	284,761.00	260,188.63
Unrestricted	<u>3,021,624.83</u>	<u>3,751,516.00</u>	<u>2,190,927.44</u>	<u>1,802,483.52</u>
Total net assets	<u>9,051,679.03</u>	<u>9,301,159.46</u>	<u>6,517,048.34</u>	<u>6,267,860.34</u>

By far the largest portion of the City of Baker's net assets (41%) reflects its investment in capital assets (e.g. land, buildings, improvements, streets and bridges, equipment, vehicles, utility systems and furniture and fixtures), less any related debt used to acquire those assets that is still outstanding. The City of Baker uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Baker's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Baker's net assets (26%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net assets (\$5,212,552.27) may be used to meet the government's on-going obligations to citizens and creditors.

At the end of the current fiscal year, the City of Baker is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2004**

The following is a summary of the City of Baker's changes in net assets:

CITY OF BAKER Changes in Net Assets				
	Governmental Activities <u>2004</u>	Governmental Activities <u>2003</u>	Business-type Activities <u>2004</u>	Business-type Activities <u>2003</u>
Revenues:				
Charges for services	\$ 937,169.65	\$ 903,193.90	\$ 3,452,107.08	\$ 3,447,562.55
Operating grants and contributions	142,982.44	33,953.54	7,524.49	.00
General revenues:				
Sales taxes	3,746,274.73	3,619,029.65	.00	.00
Other revenues	1,683,661.45	1,642,160.71	78,984.02	79,769.66
Total revenues	<u>6,510,088.27</u>	<u>6,198,337.80</u>	<u>3,538,615.59</u>	<u>3,527,332.21</u>
Expenses:				
General government	1,773,157.47	1,689,922.23	.00	.00
Culture and recreation	189,752.17	115,271.96	.00	.00
Intergovernmental	94,285.77	48,277.76	.00	.00
Public safety	3,341,922.80	2,453,056.80	.00	.00
Public works	1,646,396.04	2,453,056.80	.00	.00
Cemetery	.00	.00	157,508.93	153,421.74
City-Parish sewer	.00	.00	63,558.46	50,685.92
Utility	.00	.00	2,778,394.96	2,585,916.02
Total expenses	<u>7,045,514.25</u>	<u>7,072,776.37</u>	<u>2,999,462.35</u>	<u>2,790,023.68</u>
Increase (decrease) in net assets before transfers	(535,425.98)	(874,438.57)	539,153.24	737,308.53
Transfers	<u>285,945.55</u>	<u>152,157.09</u>	<u>(286,632.74)</u>	<u>(198,848.14)</u>
Increase (decrease) in net assets	(249,480.43)	(722,281.48)	252,520.50	538,460.39
Net assets, beginning of year	9,301,159.46	10,023,440.94	6,267,860.34	5,752,578.16
Adjustment to prior periods	<u>.00</u>	<u>.00</u>	<u>(3,332.50)</u>	<u>(23,178.21)</u>
Net assets, end of year	<u>9,051,679.03</u>	<u>9,301,159.46</u>	<u>6,517,048.34</u>	<u>6,267,860.34</u>

**CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2004**

General Fund Budgetary Highlights

There were changes made to the original budget as needs arose that were not anticipated at the time that the original budget was prepared and adopted.

Intergovernmental revenues were as projected. Licenses and permits came in at 20% more than anticipated, and city court receipts were 13% higher than budgeted. All other revenues were less than budgeted by \$109,601. This left a deficit in budgeted revenues of \$16,122 which was less than 5% of anticipated revenues.

General government expenditures were \$65,002 or 3% less than budgeted after all revisions were made to the budget. Public safety expenditures were also less than budgeted by \$127,819 or 5%. Public works, however, expended more than budgeted by \$1,546 which was only less than 1%. Overall, all departments were able to hold their expenditures down in relation to the revenues received. The net change in fund balances was favorable by \$152,532. The actual decrease was \$897,450 while the budgeted decrease was \$1,049,982.

Capital Asset and Debt Administration

Capital Assets. The City of Baker's investment in capital assets for its governmental and business-type activities as of June 30, 2004, amounts to \$6,346,163.20 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, streets and bridges, equipment vehicles, utility systems and furniture and fixtures.

Capital assets as of June 30, 2004, is detailed in the following table.

**CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2004**

CITY OF BAKER
Capital Assets (Net of Depreciation)

	Governmental Activities 2004	Business-type Activities 2004	Total
Land	\$ 548,722.10	\$ 373,572.16	\$ 922,294.26
Buildings	147,519.90	100,954.08	248,473.98
Improvements other than buildings	56,203.08	.00	56,203.08
Streets and bridges	799,368.39	19,722.23	819,090.62
Equipment	144,323.58	75,919.92	220,243.50
Vehicles	598,714.81	16,076.74	614,791.55
Furniture and fixtures	9,951.44	6,376.69	16,328.13
Utilities	.00	3,448,738.08	3,448,738.08
Total	2,304,803.30	4,041,359.90	6,346,163.20

Major capital asset events during the current fiscal year included the following:

- The purchase of a new fire truck and \$19,900 spent to upgrade fire protection equipment.
- The Super Wal-Mart, Subway, Exxon on the Run and Wendy's Restaurant opened.
- Turning lanes at Plank and Groom Roads for the new Wal-Mart were completed.
- The purchase of vehicles for the Police Department.
- An updated and improved 911 Communications Center was built at the Police Department to better serve the public.
- Approximately \$14,500 was spent to improve and upgrade culverts and help with erosion control around the City.
- The sidewalks were completed in Buffwood Subdivision.
- Civic Center renovations were completed.
- The Cemetery office building received new flooring.

Additional information on the City of Baker's capital assets can be found in note 5 on pages 44-45 of this report.

Long-term debt. At the end of the current fiscal year, the City of Baker had total bonded debt outstanding of \$1,454,000.00, all of which is backed by the full faith and credit of the City of Baker.

**CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2004**

Economic Factors and Next Year's Budget and Rates

- The Police and Fire Departments will be receiving grants to purchase new equipment for their prospective departments that will help the City by freeing up money for other capital improvement projects.
- The City has created the Baker Office of Homeland Security and Emergency Preparedness to receive Homeland Security grants.
- Edward Jones Investments, Sonic Drive-in and Sunday Morning are a few new businesses coming into the City to help with economic development, growth and new jobs.
- The City continues to improve service to the citizens and to travelers with the designating of \$750,000 along with a \$30,000 grant to improve Groom Road from Highway 19 to Highway 964. Also, Highway 19's fifth lane (turning lane) from Lavey Lane to Twin Oaks is becoming more and more realistic. The Lavey Lane Sewer Project is getting nearer to its final plans.
- The Public Works break room will be completed this coming fiscal year.
- The City's capital and other assets will continue to grow.

Request for Information

This financial report is designed to provide a general overview of the City of Baker's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Julie Pittman, Finance Director, City of Baker, P. O. Box 707, Baker, Louisiana 70704-0707.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BAKER, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2004

<u>ASSETS</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,028,135.35	\$ 1,908,187.43	\$ 3,936,322.78
Investments	1,192,064.41	1,880,304.53	3,072,368.94
Inventory, at cost	35,454.02	442,159.17	477,613.19
Due from other funds	93,089.44	-	93,089.44
Due from other governmental agencies	158,789.30	7,389.87	166,179.17
Receivables, net	673,412.09	476,616.13	1,150,028.22
Prepaid expenses	30,471.72	8,842.54	39,314.26
Restricted assets:			
Cash and cash equivalents	1,690,480.57	79,747.66	1,770,228.23
Investments	1,872,957.39	205,013.34	2,077,970.73
Land	548,722.10	373,572.16	922,294.26
Capital assets, net	1,756,081.20	3,667,787.74	5,423,868.94
	<hr/>	<hr/>	<hr/>
Total Assets	10,079,657.59	9,049,620.57	19,129,278.16
 <u>LIABILITIES</u>			
Due to other funds	93,089.44	-	93,089.44
Due to other governmental agencies	18,497.64	3,590.66	22,088.30
Accounts payable	68,028.42	50,246.41	118,274.83
Other payables	2,150.00	-	2,150.00
Deferred revenue	60,389.67	2,287.00	62,676.67
Accrued payables	-	10,755.62	10,755.62
Bonds payable	-	264,000.00	264,000.00
Merchandise payable	-	119,529.93	119,529.93
Accrued payables - long-term portion	785,823.39	238,361.08	1,024,184.47
Bonds payable - long-term portion	-	1,190,000.00	1,190,000.00
Merchandise payable - long-term portion	-	448,788.19	448,788.19
Customer deposits	-	205,013.34	205,013.34
	<hr/>	<hr/>	<hr/>
Total Liabilities	1,027,978.56	2,532,572.23	3,560,550.79

Continued

CITY OF BAKER, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2004

<u>NET ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Invested in capital assets, net of related debt	\$ 2,304,803.30	\$ 4,041,359.90	\$ 6,346,163.20
Restricted for:			
Customer deposits	-	205,013.34	205,013.34
Fire/police salaries	259,358.23	-	259,358.23
Inventory	35,454.02	-	35,454.02
Pre-need items	-	79,747.66	79,747.66
Street maintenance/construction	3,430,438.65	-	3,430,438.65
Unrestricted	3,021,624.83	2,190,927.44	5,212,552.27
Total Net Assets	<u>9,051,679.03</u>	<u>6,517,048.34</u>	<u>15,568,727.37</u>

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004**

Functions/Programs	Program Revenues			Net Revenues (Expenses)			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 1,773,157.47	\$ 91,532.09	\$ -	\$ -	\$ (1,681,625.38)	\$ -	\$ (1,681,625.38)
Culture and recreation	189,752.17	13,732.00	-	-	(176,020.17)	-	(176,020.17)
Intergovernmental	94,285.77	157,754.24	-	-	63,468.47	-	63,468.47
Public safety	3,341,922.80	58,364.84	142,982.44	-	(3,140,575.52)	-	(3,140,575.52)
Public works	1,646,396.04	615,786.48	-	-	(1,030,609.56)	-	(1,030,609.56)
Total Governmental Activities	7,045,514.25	937,169.65	142,982.44	-	(5,965,362.16)	-	(5,965,362.16)
Business-Type Activities							
Cemetery	157,508.93	161,811.28	-	-	-	4,302.35	4,302.35
City Parish sewer revenue	63,558.46	62,468.21	-	-	-	(1,090.25)	(1,090.25)
Utility	2,778,394.96	3,227,827.59	7,524.49	-	-	456,957.12	456,957.12
Total Business-Type Activities	2,999,462.35	3,452,107.08	7,524.49	-	-	460,169.22	460,169.22
Total Primary Government	10,044,976.60	4,389,276.73	150,506.93	-	(5,965,362.16)	460,169.22	(5,505,192.94)
General Revenues and Transfers							
Taxes:							
Sales					3,746,274.73	-	3,746,274.73
Franchise					452,858.53	-	452,858.53
Property					204,283.34	-	204,283.34
Teleprompter					118,157.52	-	118,157.52
Other					161,795.88	-	161,795.88

CITY OF BAKER, LOUISIANA
STATEMENT OF ACTIVITIES (Continued)
YEAR ENDED JUNE 30, 2004

	<u>Net Revenues (Expenses)</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Licenses and permits	\$ 379,701.54	\$ -	\$ 379,701.54
City court receipts	281,477.70	-	281,477.70
Interest earnings, net of investment gains/losses	27,337.67	38,475.76	65,813.43
Other revenues	58,049.27	40,508.26	98,557.53
Transfers, net	285,945.55	(286,632.74)	(687.19)
Total General Revenues and Transfers	5,715,881.73	(207,648.72)	5,508,233.01
Change in Net Assets	(249,480.43)	252,520.50	3,040.07
Net Assets, beginning	9,301,159.46	6,267,860.34	15,569,019.80
Adjustment to prior periods	-	(3,332.50)	(3,332.50)
Net Assets, ending	9,051,679.03	6,517,048.34	15,568,727.37

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**CITY OF BAKER, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004**

	<u>General</u>	<u>Street Maintenance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,897,201.34	\$ -	\$ 130,934.01	\$ 2,028,135.35
Investments	1,171,382.45	-	20,681.96	1,192,064.41
Inventory, at cost	35,454.02	-	-	35,454.02
Due from other funds	-	-	93,089.44	93,089.44
Due from other governmental agencies	4,150.25	64,859.08	89,779.97	158,789.30
Receivables:				
Accounts, net	219,569.88	-	-	219,569.88
Taxes, net	451,654.87	-	-	451,654.87
Accrued interest	2,168.61	18.73	-	2,187.34
Prepaid expenses	30,471.72	-	-	30,471.72
Restricted assets:				
Cash and cash equivalents	28,298.86	1,528,130.00	134,051.71	1,690,480.57
Investments	-	1,837,430.84	35,526.55	1,872,957.39
TOTAL ASSETS	3,840,352.00	3,430,438.65	504,063.64	7,774,854.29

LIABILITIES AND FUND BALANCES

<u>Liabilities:</u>				
Due to other funds	1,320.00	-	91,769.44	93,089.44
Due to other governmental agencies	12,997.64	-	5,500.00	18,497.64
Accounts payable	64,772.91	-	3,255.51	68,028.42
Other payables	2,050.00	-	100.00	2,150.00
Deferred revenue	60,389.67	-	-	60,389.67
Total Liabilities	141,530.22	-	100,624.95	242,155.17

CITY OF BAKER, LOUISIANA
BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>General</u>	<u>Street Maintenance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Reserved for:				
Fire/police salaries	\$ -	\$ -	\$ 259,358.23	\$ 259,358.23
Inventory	35,454.02	-	-	35,454.02
Street maintenance/construction	-	3,430,438.65	-	3,430,438.65
Unreserved, designated for:				-
911 services	-	-	85,181.96	85,181.96
Beautification	74,071.61	-	-	74,071.61
Capital improvements	77,100.17	-	-	77,100.17
Condemnation	25,939.39	-	-	25,939.39
Court operations	-	-	58,898.50	58,898.50
Insurance	0.27	-	-	0.27
Law enforcement	28,232.60	-	-	28,232.60
Recreation	12,545.01	-	-	12,545.01
Special events	8,052.12	-	-	8,052.12
Unreserved, undesignated	3,437,426.59	-	-	3,437,426.59
Total Fund Balances	3,698,821.78	3,430,438.65	403,438.69	7,532,699.12
 TOTAL LIABILITIES AND FUND BALANCES	 3,840,352.00	 3,430,438.65	 504,063.64	 7,774,854.29

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2004

Total Fund Balances - Total Governmental Funds \$ 7,532,699.12

Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not current
financial resources and, therefore, are not reported in the
Governmental Funds Balance Sheet. This is the capital
assets, net of accumulated depreciation, reported on the
Statement of Net Assets. 2,304,803.30

Long-term liabilities are not due and payable in the current
period and, therefore, are not reported in the Governmental
Fund Balance Sheet. This is the long-term liabilities reported
on the Statement of Net Assets:

Compensated absences payable	(710,823.39)
Claims and judgements	<u>(75,000.00)</u>

Total Net Assets - Governmental Activities 9,051,679.03

CITY OF BAKER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	<u>General</u>	<u>Street Maintenance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Intergovernmental revenues	\$ 56,254.24	\$ -	\$ 101,500.00	\$ 157,754.24
Taxes:				
Sales	2,599,057.41	543,536.01	603,681.31	3,746,274.73
Franchise	452,858.53	-	-	452,858.53
Property	204,283.34	-	-	204,283.34
Teleprompter	118,157.52	-	-	118,157.52
Industrial	55,064.00	-	-	55,064.00
Occupancy	40,286.05	-	-	40,286.05
Firemen's	37,539.60	-	-	37,539.60
Chain store	16,550.00	-	-	16,550.00
Beer	12,356.23	-	-	12,356.23
Licenses and permits	379,701.54	-	-	379,701.54
Charges for services	747,533.27	-	31,882.14	779,415.41
City court receipts	281,477.70	-	-	281,477.70
Interest earned	89,546.29	33,286.53	3,999.90	126,832.72
Other revenues	201,031.71	-	-	201,031.71
	<hr/>			
Total Revenues	5,291,697.43	576,822.54	741,063.35	6,609,583.32
 <u>EXPENDITURES</u>				
General government	1,941,032.44	-	29,877.07	1,970,909.51
Public safety	2,524,036.53	-	683,283.01	3,207,319.54
Public works	1,454,956.75	37,001.31	-	1,491,958.06
Capital outlay	456,358.21	317,845.97	67,358.28	841,562.46
	<hr/>			
Total Expenditures	6,376,383.93	354,847.28	780,518.36	7,511,749.57

CITY OF BAKER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	<u>General</u>	<u>Street Maintenance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (1,084,686.50)	\$ 221,975.26	\$ (39,455.01)	\$ (902,166.25)
 <u>OTHER FINANCING SOURCES (USES)</u>				
Gain/loss on sale of securities, net	(99,495.05)	-	-	(99,495.05)
Operating transfers in	286,731.70	-	-	286,731.70
Operating transfers out	-	-	(786.15)	(786.15)
Total Other Financing Sources (Uses)	187,236.65	-	(786.15)	186,450.50
<i>Change in Fund Balances</i>	(897,449.85)	221,975.26	(40,241.16)	(715,715.75)
Fund Balances, beginning	4,596,271.63	3,208,463.39	443,679.85	8,248,414.87
Fund Balances, ending	3,698,821.78	3,430,438.65	403,438.69	7,532,699.12

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004**

Change in Fund Balances - Total Governmental Funds \$ (715,715.75)

Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which capital
outlay exceeded depreciation charged in the current period. 446,942.52

Governmental funds do not report the gain or loss on the
disposal of fixed assets. This is the gain on the sale of general
fixed assets sold at auction. (552.10)

Governmental funds report principal payments on long-term
obligations as expenditures. However, these payments reduce
long-term liabilities in the Statement of Net Assets. This is the
amount by which payments made exceeded increases to
compensated absences. 19,844.90

Change in Net Assets - Governmental Activities (249,480.43)

**CITY OF BAKER, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2004**

	Business-Type Activities Enterprise Funds			Total
	Utility	Cemetery	City Parish Sewer Revenue	
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 1,833,187.43	\$ 50,000.00	\$ 25,000.00	\$ 1,908,187.43
Investments	1,465,211.49	257,816.86	157,276.18	1,880,304.53
Inventory	52,818.14	389,341.03	-	442,159.17
Due from other govt agencies	-	-	7,389.87	7,389.87
Accounts receivable, net	458,650.93	16,153.31	-	474,804.24
Accrued interest receivable	1,811.89	-	-	1,811.89
Prepaid expenses	1,366.47	-	7,476.07	8,842.54
Total Current Assets	3,813,046.35	713,311.20	197,142.12	4,723,499.67
Restricted Assets:				
Cash and cash equivalents	-	79,747.66	-	79,747.66
Investments	205,013.34	-	-	205,013.34
Total Restricted Assets	205,013.34	79,747.66	-	284,761.00
Capital Assets:				
Land	243,572.16	130,000.00	-	373,572.16
Buildings	5,110.05	161,481.46	-	166,591.51
Equipment	1,133,582.74	98,895.08	4,075.49	1,236,553.31
Vehicles	224,792.91	21,078.80	-	245,871.71
Furniture	98,763.93	-	-	98,763.93
Utility systems	7,185,268.96	-	-	7,185,268.96
Streets	-	50,000.00	-	50,000.00
Total Capital Assets	8,891,090.75	461,455.34	4,075.49	9,356,621.58
Accumulated depreciation	(5,108,372.24)	(202,813.95)	(4,075.49)	(5,315,261.68)
Net Capital Assets	3,782,718.51	258,641.39	-	4,041,359.90
TOTAL ASSETS	7,800,778.20	1,051,700.25	197,142.12	9,049,620.57

Continued

CITY OF BAKER, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
JUNE 30, 2004

	Business-Type Activities Enterprise Funds			Total
	Utility	Cemetery	City Parish Sewer Revenue	
LIABILITIES				
Current Liabilities:				
Payable from current assets:				
Due to other govt agencies	\$ 3,590.66	\$ -	\$ -	\$ 3,590.66
Accounts payable	48,027.46	2,218.95	-	50,246.41
Accrued interest payable	10,755.62	-	-	10,755.62
Revenue bonds payable	264,000.00	-	-	264,000.00
Merchandise payable	-	39,782.27	-	39,782.27
Deferred revenue	-	2,287.00	-	2,287.00
Total Current Liabilities, Payable from Current Assets	326,373.74	44,288.22	-	370,661.96
Payable from restricted assets:				
Merchandise payable	-	79,747.66	-	79,747.66
Customer deposits	205,013.34	-	-	205,013.34
Total Current Liabilities, Payable from Restricted Assets	205,013.34	79,747.66	-	284,761.00
Total Current Liabilities	531,387.08	124,035.88	-	655,422.96
Long-Term Liabilities:				
Compensated absences	190,817.59	42,136.73	5,406.76	238,361.08
Merchandise payable	-	448,788.19	-	448,788.19
Revenue bonds payable	1,190,000.00	-	-	1,190,000.00
Total Long-Term Liabilities	1,380,817.59	490,924.92	5,406.76	1,877,149.27
Total Liabilities	1,912,204.67	614,960.80	5,406.76	2,532,572.23

Continued

CITY OF BAKER, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
JUNE 30, 2004

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Utility</u>	<u>Cemetery</u>	City Parish <u>Sewer Revenue</u>	
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$ 3,782,718.51	\$ 258,641.39	\$ -	\$ 4,041,359.90
Restricted for:				
Customer deposits	205,013.34	-	-	205,013.34
Pre-need items	-	79,747.66	-	79,747.66
Unrestricted	1,900,841.68	98,350.40	191,735.36	2,190,927.44
Total Net Assets	5,888,573.53	436,739.45	191,735.36	6,517,048.34

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2004

	Business-Type Activities			<u>Total</u>
	Enterprise Funds			
	<u>Utility</u>	<u>Cemetery</u>	City Parish <u>Sewer Revenue</u>	
<u>OPERATING REVENUES</u>				
Charges for services	\$ 2,798,618.50	\$ -	\$ 62,468.21	\$ 2,861,086.71
Sales, net of cost of goods sold	-	161,811.28	-	161,811.28
Sewer fees	429,209.09	-	-	429,209.09
Other operating revenues	36,586.26	-	-	36,586.26
Total Operating Revenues	3,264,413.85	161,811.28	62,468.21	3,488,693.34
<u>OPERATING EXPENSES</u>				
Administrative	57,641.64	11,772.00	976.69	70,390.33
Depreciation	255,665.60	11,336.98	-	267,002.58
Employee and related expenses	812,690.69	110,908.10	46,303.11	969,901.90
Occupancy	68,242.86	7,938.70	-	76,181.56
Personal services	1,508,614.67	15,553.15	16,278.66	1,540,446.48
Total Operating Expenses	2,702,855.46	157,508.93	63,558.46	2,923,922.85
Operating Income (Loss)	561,558.39	4,302.35	(1,090.25)	564,770.49
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Interest earned	25,423.02	8,540.92	4,511.82	38,475.76
Lease income	-	3,922.00	-	3,922.00
Contributions	7,524.49	-	-	7,524.49

Continued

CITY OF BAKER, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS (Continued)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2004

	Business-Type Activities			Total
	Enterprise Funds			
	Utility	Cemetery	City Parish Sewer Revenue	
Bond-related expenses	\$ (1,616.92)	\$ -	\$ -	\$ (1,616.92)
Interest expense	(73,922.58)	-	-	(73,922.58)
Total Non-Operating Revenues (Expenses)	(42,591.99)	12,462.92	4,511.82	(25,617.25)
Income Before Operating Transfers	518,966.40	16,765.27	3,421.57	539,153.24
<u>OPERATING TRANSFERS</u>				
Operating transfers in	-	-	-	-
Operating transfers out	(276,095.13)	(6,502.87)	(4,034.74)	(286,632.74)
Total Operating Transfers	(276,095.13)	(6,502.87)	(4,034.74)	(286,632.74)
Change in Net Assets	242,871.27	10,262.40	(613.17)	252,520.50
Net Assets, beginning	5,645,702.26	429,809.55	192,348.53	6,267,860.34
Adjustment to prior periods	-	(3,332.50)	-	(3,332.50)
Net Assets, ending	5,888,573.53	436,739.45	191,735.36	6,517,048.34

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2004**

CASH FLOWS FROM OPERATING ACTIVITIES	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	
Cash received from customers	\$ 3,199,651.07	\$ 198,246.41	\$ 60,588.51	\$ 3,458,485.99
Cash paid to suppliers for goods/services	(1,604,610.19)	(82,927.79)	(19,583.62)	(1,707,121.60)
Cash paid to employees for services	(783,911.55)	(108,156.52)	(44,387.79)	(936,455.86)
Net Cash Provided by (Used for) Operating Activities	811,129.33	7,162.10	(3,382.90)	814,908.53
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating transfers out	(276,095.13)	(6,502.87)	(4,034.74)	(286,632.74)
Net Cash Used for Non-Capital Financing Activities	(276,095.13)	(6,502.87)	(4,034.74)	(286,632.74)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributed by property owners	7,524.49	-	-	7,524.49
Interest received from bond proceeds	17,603.03	-	-	17,603.03

CITY OF BAKER, LOUISIANA
 STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2004

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	
Acquisition of capital assets	\$ (103,174.29)	\$ -	\$ -	\$ (103,174.29)
Interest paid on bonds	(76,967.17)	-	-	(76,967.17)
Principal paid on bond maturities	(251,000.00)	-	-	(251,000.00)
Net Cash Used for Capital and Related Financing Activities	(406,013.94)	-	-	(406,013.94)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received from investments	8,595.36	8,540.92	4,511.82	21,648.10
Income received from leases	-	3,922.00	-	3,922.00
Purchase/maturities of securities, net	(556,807.81)	(3,980.90)	2,905.82	(557,882.89)
Net Cash Provided by (Used for) Investing Activities	(548,212.45)	8,482.02	7,417.64	(532,312.79)
Net Increase (Decrease) in Cash and Cash Equivalents	(419,192.19)	9,141.25	-	(410,050.94)
Cash and Cash Equivalents, beginning of year	2,252,379.62	120,606.41	25,000.00	2,397,986.03
Cash and Cash Equivalents, end of year	1,833,187.43	129,747.66	25,000.00	1,987,935.09

CITY OF BAKER, LOUISIANA
 STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2004

	Business-Type Activities Enterprise Funds			Total
	Utility	Cemetery	City Parish Sewer Revenue	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ 561,558.39	\$ 4,302.35	\$ (1,090.25)	\$ 564,770.49
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	255,665.60	11,336.98	-	267,002.58
(Increase) decrease in assets:				
Inventory	(4,727.01)	7,888.50	-	3,161.49
Accounts receivable	(80,193.90)	(9,326.56)	(1,879.70)	(91,400.16)
Prepaid expenses	894.02	-	(2,328.27)	(1,434.25)
Increase (decrease) in liabilities:				
Accounts payable	33,721.97	(296.25)	-	33,425.72
Merchandise payable	-	(9,494.50)	-	(9,494.50)
Compensated absences payable	28,779.14	2,751.58	1,915.32	33,446.04
Customer deposits	15,431.12	-	-	15,431.12
 Net Cash Provided by (Used for) Operating Activities	 811,129.33	 7,162.10	 (3,382.90)	 814,908.53

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF BAKER, LOUISIANA
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JUNE 30, 2004

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CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

INTRODUCTION

The City of Baker, Louisiana (hereafter referred to as the City) was originally governed by the provisions of the Lawrason Act, La. Revised Statute 33:321-481. The electorate adopted a Home Rule Charter on May 16, 1970, that would become effective on July 1, 1972. The Charter provided for a mayor-council form of government. Originally, the council was elected at large but later changed to member districts. There are five council members, and they are compensated for their services.

The purpose of the municipality is to promote the general welfare and the safety, health, peace, good order, comfort, convenience and morals of its inhabitants.

The City is situated in the northwest part of the Parish of East Baton Rouge. It is approximately 7 square miles in size with a population of 13,743. Within the boundaries are approximately 70 miles of roads maintained by the City. It is currently servicing approximately 5,500 utility customers and employs 145 persons.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the City of Baker, La. conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of La. Revised Statute 24:513 and to the guidelines set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: This report includes all funds that are controlled by or dependent on the City's executive or legislative branches (Mayor and/or City Council). Control by or dependence on the City was determined on the basis of oversight responsibility, including accountability for fiscal and budgetary matters, designation of management or governing authority and authority to issue debt.

Based upon the above, it has been determined that there are no governmental organizations which should be included in the accompanying financial statements.

Government-wide Accounting: In accordance with Government Accounting Standards Boards Statement No. 34, the City has presented a Statement of Net Assets and Statement of Activities for the City as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental and business-type activities.

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Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statement of Net Assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they were allocated.

Application of FASB Statements and Interpretations

Reporting on governmental-type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost or estimated cost where historical cost is unavailable and are depreciated using the straight-line or modified accelerated recovery cost system methods of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Assets.

Using the requirements of GASB Statement No. 34, the City is considered a Phase 3 government as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. The City has opted not to retroactively report these types of capital assets.

Program Revenues

The Statement of Activities presents three categories of program revenues – (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the City. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are reserved for a specific use.

Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or

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program. Governments are not required to allocate indirect expenses to other functions, and the City has chosen not to do so.

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the City's operation of the utility department, cemetery and City-Parish sewer billing are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Reserved Net Assets

Reserved net assets are those for which a constraint has been imposed either externally or by law. The City recognized the use of reserved resources for expenditures that comply with the specific restrictions. Reserved resources are exhausted before unreserved net assets are used.

Fund Accounting: The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the City are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all or most of the City's general activities, including the collection and disbursement of specific or legally reserved monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. *General Fund* - is the general operating fund of the City which accounts for all financial resources except those required to be accounted for in other funds; and
2. *Special Revenue Funds* - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Funds: Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. *Enterprise Funds* – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred,

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and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting/Measurement Focus: The type of financial statement presentation determines the accounting and financial reporting treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental and business-type activities are included in the Statement of Net Assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgets and Budgetary Accounting: A pay plan, operating and capital budget and a capital plan are submitted by the Mayor to the Council for consideration each year. The following procedures were used in establishing the budgetary data reflected in these financial statements:

1. A letter of request is sent on or about April 1st to each department head requesting submission of operating budget requirements to the Mayor by May 1st. Capital budget and program requests along with substantiation in detail of need and cost are submitted by April 15th. Adding an estimate of revenues available for capital purposes for the next 5 years, the Mayor forwards the capital budget and program requests to the Planning Commission.
2. The Planning Commission submits its recommendations for the capital budget to the Mayor by May 1st including a listing by priorities of requested projects not included by reason of financing and a list of projects disapproved, together with the reasons therefore;
3. The Mayor consolidates all departmental requests and any recommended changes for presentation to the Council by May 15th of the operating budget and capital budget;
4. Following such public hearings as the Council deems necessary, the budgets are adopted no later than June 15th.

These budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts shown are as originally adopted and as amended by the City Council. Budget amendments are passed by the City Council on an as needed basis. A balanced budget is required.

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If an appropriations ordinance is not passed consistent with the budget, 50% of the prior year appropriation is deemed re-appropriated. Appropriations lapse at year-end.

Amendments were made to the budget during the fiscal year. Control is at the departmental level where expenditures may not legally exceed appropriations.

Cash and Cash Equivalents: Cash includes amounts in demand deposits, interest bearing demand deposits, money market accounts and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under State law, the City may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or *time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.*

For purposes of the Statement of Cash Flows, the City considers all investments with maturities of less than 90 days to be cash and cash equivalents.

Investments: Investments are limited by La. Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. *In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings.*

The City entered into an Investment Management Agreement with Hancock Trust Division on June 9, 1999, with an initial investment of \$4,000,000. Of this amount, at least \$300,000 is to be maintained in a money market account at all times. The goals of the City are (1) safety of principal, (2) liquidity and (3) yield.

Inventory: Inventory is stated at cost (first-in, first-out) and is maintained through utilization of a perpetual system. The cost is recorded as an expenditure at the time of purchase in both governmental and proprietary funds. A physical count is made at the end of each year. The reported inventory value at year-end is offset by a fund balance reserve that indicates it does not constitute available, spendable resources.

Receivables: Receivables are recorded net of any allowance for uncollectible amounts in both governmental and business-type activities. Revenues become susceptible to accrual when they become both measurable and available.

Prepaid Items: Payments to vendors representing costs applicable to future periods are recorded as prepaid items. In these financial statements, prepaid items include insurance and pre-need burial items.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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Restricted Assets: Certain proceeds are classified as restricted assets on the statement of net assets because their use is limited. Components of these assets for business-type activities are as follows:

	<u>Customer Deposits</u>	<u>Merchandise</u>	<u>Total</u>
Cash	\$.00	\$ 79,747.66	\$ 79,747.66
Investments	65,013.34	.00	65,013.34
Certificates of deposit (investments)	<u>140,000.00</u>	<u>.00</u>	<u>140,000.00</u>
 Total	 <u>205,013.34</u>	 <u>79,747.66</u>	 <u>284,761.00</u>

Effective August 31, 1995, the Louisiana Cemetery Commission mandated that funds for pre-need sales be restricted in the amount of one-half of cost or one-half of sales price, whichever is greater. The Finance Director calculated the restricted funds requirement and complied with the Commission's mandate at August 31, 1995. These funds are held in a trust account at Hancock Bank.

Components of restricted assets for governmental activities are as follows:

	<u>Safety/ Grounds</u>	<u>Street Maintenance</u>	<u>Fire/Police Salaries & Equip.</u>	<u>Total</u>
Cash	\$ 38,298.86	\$ 1,500,000.00	\$ 124,051.71	\$ 1,662,350.57
Certificates of deposit (cash equivalents)	.00	28,130.00	.00	28,130.00
Investments	<u>35,526.55</u>	<u>1,837,430.84</u>	<u>.00</u>	<u>1,879,957.39</u>
 Total	 <u>73,825.41</u>	 <u>3,365,560.84</u>	 <u>124,051.71</u>	 <u>3,563,437.96</u>

Capital Assets: The City's assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are valued at their estimated fair value on the date of donation.

Depreciation is recorded using the straight-line method or the modified accelerated recovery cost system over the estimated useful lives of the assets as follows:

Buildings	10-40 years	Vehicles	3-20 years
Equipment	4-10 years	Infrastructure	40-50 years
Office furniture	5-10 years		

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34, which requires the inclusion of infrastructure assets, used in governmental activities in the general purpose financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the City has elected to not report its

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governmental infrastructure retroactively. From this point forward, the City will use the basic approach to infrastructure reporting for its governmental activities when applicable.

Compensated Absences: The City allows annual leave to regular full-time employees based on length of service. No leave is earned, however, while on suspension or leave without pay status. Annual leave may be carried over to the next calendar year at a maximum of one year's earned annual leave. Employees are not paid for their unused annual leave at year-end, but are paid for accumulated, unused leave upon termination.

Sick leave is earned by regular employees at the rate of one day per month, and it may be accumulated up to 360 working days. Employees may be paid for unused sick leave upon separation, provided that he/she is in good standing and a two-week notice is given.

Exceptions apply to police and fire department personnel. They are allowed to accumulate all vacation leave earned and have unlimited sick leave up to one year. Upon separation, they are paid for accumulated sick leave that had accumulated prior to June 30, 1994.

At June 30, 2004, employees of the City had accumulated and vested \$710,823.39 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.150.

Long-Term Obligations: In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

Net Assets/Fund Balances: In the Statement of Net Assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets is as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net Assets that are reserved by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

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In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Reserved

These resources are segregated because their use is earmarked for a specific use.

Unreserved

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

Interfund Transactions: All interfund transactions except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

Total Columns on Combined Statements: Total columns, when used on combined statements, are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not represent financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents on hand at June 30, 2004, are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Petty cash	\$ 1,767.00	\$ 600.00
Demand deposits	2,633,711.90	404,515.03
Interest-bearing demand deposits	146,974.83	148,624.88
Time deposits	<u>936,162.19</u>	<u>1,434,195.18</u>
 Total	 <u>3,718,615.92</u>	 <u>1,987,935.09</u>

Of these amounts, \$1,690,480.57 and \$79,747.66 is restricted for governmental and business-type activities, respectively.

These deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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At June 30, 2004, the City had \$5,709,477.26 in deposits. These deposits are secured from risk by \$400,000 of federal deposit insurance and \$8,221,388 of pledged securities as follows:

Governmental Funds:

Restricted	\$ 1,652,181.71
General Fund	1,959,679.11
Special Revenue Funds	110,934.01

Proprietary Funds:

Restricted	79,747.66
Utility Fund	1,831,934.77
Cemetery Fund	50,000.00
City Parish Sewer Revenue Fund	<u>25,000.00</u>

Total	<u>5,709,477.26</u>
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Bank One	4,226,388.00
Hancock Bank of Louisiana	4,195,000.00
Hancock Bank Trust Division	<u>200,000.00</u>

Total	<u>8,621,388.00</u>
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Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - INVESTMENTS

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the municipality or its agent in the municipality's name;
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the municipality's name; or
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the municipality's name.

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All investments of the City fall within category 1. The balances at June 30, 2004, are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Carrying Amount</u>
Certificates of deposit	\$ 1,132,437.02	\$ 1,132,437.02	\$ 1,132,437.02
Government agencies	<u>4,017,902.65</u>	<u>4,601,381.81</u>	<u>4,017,902.65</u>
Total	<u>5,150,339.67</u>	<u>5,733,818.83</u>	<u>5,150,339.67</u>

NOTE 4 - RECEIVABLES

The net receivables, with the exception of interfund and intergovernmental transactions, of \$1,130,436.85 as of June 30, 2004, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Accounts	\$ 219,569.88	\$.00	\$ 474,804.24	\$ 694,374.12
Taxes:				
Sales	261,452.37	.00	.00	261,452.37
Franchise	95,974.65	.00	.00	95,974.65
Other	94,227.85	.00	.00	94,227.85
Accrued interest	<u>2,168.61</u>	<u>18.73</u>	<u>1,811.89</u>	<u>3,999.23</u>
Total	<u>673,393.36</u>	<u>18.73</u>	<u>476,616.13</u>	<u>1,150,028.22</u>

Utility meters are read between the 1st and 15th of each month and bills are computed and mailed in three cycles by the 25th of each month. The amount of gas and water used from the date the meter is read until the end of the month is an unbilled receivable in the Utility Fund. It is reflected in the accompanying financial statements at June 30, 2004 and 2003, as \$146,121.36 and \$126,549.99.

An allowance for bad debts is determined by a percentage based on prior years' experience. At June 30, 2004 and 2003, the allowance was calculated as \$39,250.36 and \$39,409.47, respectively, in the Utility Fund. The allowance in the Cemetery Fund at June 30, 2004 and 2003, was \$842.58 and \$1,554.28, respectively.

CITY OF BAKER, LOUISIANA
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NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004, is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 548,722.10	\$.00	\$.00	\$ 548,722.10
Capital Assets, being depreciated				
Buildings	1,965,281.45	.00	.00	1,965,281.45
Less: accumulated depreciation	<u>1,745,303.89</u>	<u>72,457.66*</u>	<u>.00</u>	<u>1,817,761.55</u>
Net Buildings	219,977.56	(72,457.66)	.00	147,519.90
Improvements other than buildings	2,610,501.23	14,674.00	.00	2,625,175.23
Less: accumulated depreciation	<u>2,555,079.33</u>	<u>13,892.82*</u>	<u>.00</u>	<u>2,568,972.15</u>
Net Improvements other than Buildings	55,421.90	781.18	.00	56,203.08
Streets and bridges	627,867.65	462,159.57	.00	1,090,027.22
Less: accumulated depreciation	<u>221,656.49</u>	<u>69,002.34*</u>	<u>.00</u>	<u>290,658.83</u>
Net Streets and Bridges	406,211.16	393,157.23	.00	799,368.39
Equipment	1,284,310.74	32,020.78	(30,061.45)	1,286,270.07
Less: accumulated depreciation	<u>1,087,126.84</u>	<u>84,579.84*</u>	<u>29,760.19</u>	<u>1,141,946.49</u>
Net Equipment	197,183.90	(52,559.06)	(301.26)	144,323.58
Vehicles	1,939,009.45	330,860.04	(103,369.00)	2,166,500.49
Less: accumulated depreciation	<u>1,519,595.12</u>	<u>151,308.72*</u>	<u>103,118.16</u>	<u>1,567,785.68</u>
Net Vehicles	419,414.33	179,551.32	(250.84)	598,714.81
Furniture and fixtures	167,428.64	1,848.07	(6,589.00)	162,687.71
Less: accumulated depreciation	<u>155,946.71</u>	<u>3,378.56*</u>	<u>6,589.00</u>	<u>152,736.27</u>
Net Furniture and Fixtures	11,481.93	(1,530.49)	.00	9,951.44
Capital Assets, being depreciated, net	<u>1,309,690.78</u>	<u>446,942.52</u>	<u>(552.10)</u>	<u>1,756,081.20</u>
Capital Assets, net	<u>1,858,412.88</u>	<u>446,942.52*</u>	<u>(552.10)</u>	<u>2,304,803.30</u>

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets, not being depreciated				
Land	\$ 373,572.16	\$.00	\$.00	\$ 373,572.16
Capital Assets, being depreciated				
Buildings	162,991.51	3,600.00	.00	166,591.51
Less: accumulated depreciation	<u>61,160.58</u>	<u>4,476.85</u>	<u>.00</u>	<u>65,637.43</u>
Net Buildings	101,830.93	(876.85)	.00	100,954.08
Equipment	1,201,654.66	34,898.65	.00	1,236,553.31
Less: accumulated depreciation	<u>1,103,693.74</u>	<u>56,939.65</u>	<u>.00</u>	<u>1,160,633.39</u>
Net Equipment	97,960.92	(22,041.00)	.00	75,919.92
Vehicles	245,871.71	.00	.00	245,871.71
Less: accumulated depreciation	<u>218,363.85</u>	<u>11,431.12</u>	<u>.00</u>	<u>229,794.97</u>
Net Vehicles	27,507.85	(11,431.12)	.00	16,076.74
Furniture and fixtures	98,763.93	.00	.00	98,763.93
Less: accumulated depreciation	<u>87,791.96</u>	<u>4,595.28</u>	<u>.00</u>	<u>92,387.24</u>
Net Furniture and fixtures	10,971.97	(4,595.28)	.00	6,376.69
Utility systems	7,120,593.32	64,675.64	.00	7,185,268.96
Less: accumulated depreciation	<u>3,548,637.87</u>	<u>187,893.01</u>	<u>.00</u>	<u>3,736,530.88</u>
Net Utility systems	3,571,955.45	(123,217.37)	.00	3,448,738.08
Streets	50,000.00	.00	.00	50,000.00
Less: accumulated depreciation	<u>28,611.10</u>	<u>1,666.67</u>	<u>.00</u>	<u>30,277.77</u>
Net Streets	21,388.90	(1,666.67)	.00	19,722.23
Capital Assets, being depreciated, net	<u>3,831,616.02</u>	<u>(163,828.29)</u>	<u>.00</u>	<u>3,667,787.74</u>
Capital Assets, net	<u>4,205,188.19</u>	<u>(163,828.29)</u>	<u>.00</u>	<u>4,041,359.90</u>

*Depreciation expense was charged to governmental functions as follows:

General government	\$ 150,823.35
Public safety	122,373.63
Public works	<u>121,422.96</u>
Total	<u>394,619.94</u>

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NOTE 6 - PENSION PLAN

Substantially all employees of the City are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana or Firefighters' Retirement System of Louisiana. These systems are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The current rate is 6.75 percent of annual covered payroll. The contribution requirements of plan members and the City was established and may be amended by state statute. As provided by La. Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System under Plan A for the years ended June 30, 2004, 2003 and 2002, were \$200,080.31, \$126,018.82 and \$111,860.80, respectively, equal to the required contributions for each year.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

B. Municipal Police Employees Retirement System of Louisiana (MPERS)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in MPERS, a cost sharing multiple-employer defined benefit pension plan. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produces the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. MPERS also provides death and disability benefits. Benefits are established or amended by state statute.

The MPERS Board of Trustees issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The current rate is 21.5 percent of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by La. Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 2004, 2003 and 2002 were \$142,304.35, \$97,640.74 and \$83,817.28, respectively, equal to the statutorily required contribution for each year.

C. Firefighters' Retirement System of Louisiana (System)

Plan Description. Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
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The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the East Baton Rouge Parish Fire Protection District is required to contribute at an actuarially determined rate. The current rate is 21.5 percent of annual covered payroll. The contribution requirements of plan members and the East Baton Rouge Parish Fire Protection District are established and may be amended by state statute. As provided by La. Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 2004, 2003 and 2002, were \$100,784.03, \$47,818.25 and \$35,286.61, respectively, equal to the statutorily required contribution for each year.

NOTE 7 – POST-EMPLOYMENT BENEFITS

The City provides, as a post-employment benefit to retirees, 80% of medical insurance premiums per retiree until he/she reaches age 65. This benefit was approved by the Mayor and Council in the year in which it was enacted. During the year ended June 30, 2004, there were 29 participants at an annual cost to the City of \$138,345.

The City remits the full premium on the 15th of each month. The participants remit their portion by the 1st of each month.

NOTE 8 - ACCOUNTS AND OTHER PAYABLES

The payables, with the exception of interfund and intergovernmental transactions, of \$3,369,897.99 at June 30, 2004, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Accounts	\$ 64,772.91	\$ 3,255.51	\$ 50,246.41	\$ 118,274.83
Accrued interest	.00	.00	10,755.62	10,755.62
Compensated absences	710,823.39	.00	238,361.08	949,184.47
Bonds	.00	.00	1,454,000.00	1,454,000.00
Merchandise	.00	.00	568,318.12	568,318.12
Customer deposits	.00	.00	205,013.34	205,013.34
Other	<u>77,050.00</u>	<u>100.00</u>	<u>.00</u>	<u>77,150.00</u>
Total	<u>852,646.30</u>	<u>3,355.51</u>	<u>2,526,694.57</u>	<u>3,382,696.38</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

During the fiscal year ended June 30, 1986, the Hillcrest Memorial Gardens and Mausoleum filed for protection under the state bankruptcy law. It was determined by City officials that the City should take over the cemetery. In accordance with this decision, the City agreed to assume all financial and administrative obligations. In addition, the Cemetery currently sells pre-need items. It has been determined that as of June 30, 2004, the City had obligations for prepaid items, listed as merchandise above, as follows:

Interments	\$ 227,410.62
Memorial markers	119,743.50
Vaults	<u>221,164.00</u>
 Total	 <u>568,318.12</u>

NOTE 9 - COMPENSATED ABSENCES

Computed in accordance with GASB Codification Section C60, employees of the City had accumulated and vested \$949,184.47 of employee leave benefits at June 30, 2004. Governmental activities recorded \$710,823.39 of these benefits in the Statement of Net Assets. This amount is not included in the fund financial statements for general and special revenue funds. Business-type activities recorded \$238,361.08 of compensated absences in the Statement of Net Assets. This amount is also included in the fund financial statements for enterprise funds in accordance with the measurement focus utilized by proprietary funds.

NOTE 10 - LONG-TERM DEBT

The following is a summary of long-term debt incurred as of June 30, 2004:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>
Governmental Activities:				
Claims/judgments	\$ 75,000.00	\$.00	\$.00	\$ 75,000.00
Compensated absences	<u>710,823.39</u>	<u>201,411.63</u>	<u>201,411.63</u>	<u>710,823.39</u>
 Total Governmental Activities	 <u>785,823.39</u>	 <u>201,411.63</u>	 <u>201,411.63</u>	 <u>785,823.39</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>
Business-Type Activities:				
Compensated absences	\$ 204,915.04	\$ 84,333.48	\$ 50,887.44	\$ 238,361.08
Merchandise	463,660.10	12,055.00	26,926.91	448,788.19
Revenue bonds	<u>1,441,000.00</u>	<u>.00</u>	<u>251,000.00</u>	<u>1,454,000.00</u>
 Total Business-Type Activities	 <u>2,109,575.14</u>	 <u>96,388.48</u>	 <u>328,814.35</u>	 <u>2,141,149.27</u>

Bonds were issued by the Utility Fund in the amount of \$2,150,000. All bonds were purchased by Hancock Bank (formerly First State Bank) on April 28, 1994, at an interest rate of 5% for a period of 10 years. In order to take advantage of better interest rates, the City paid off these bonds in June of 1999. At the same time, Series 1999 Certificates of Indebtedness were issued in the amount of \$2,600,000. Hancock Bank purchased \$2,340,000 at an interest rate of 4.5% for a period of 10 years. The remaining \$260,000 was issued to the Louisiana Public Facilities Authority for a period of 5 years at no interest.

These bonds are backed by the full faith and credit of the City. Therefore, they are a contingent liability of the General Fund. Repayment is as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
5/01/05	\$ 264,000.00	\$ 66,338.75
5/01/06	277,000.00	54,293.75
5/01/07	290,000.00	41,655.63
5/01/08	305,000.00	28,035.00
5/01/09	<u>318,000.00</u>	<u>7,662.00</u>
 Total	 <u>1,454,000.00</u>	 <u>197,985.13</u>

NOTE 11 - DEFERRED REVENUE

Deferred revenue of \$62,676.67 at June 30, 2004, is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Civic Center fees	\$ 20,125.00	\$.00
Weed cutting	37,117.97	.00
Court fees	3,146.70	.00
Collection fees	<u>.00</u>	<u>2,287.00</u>
 Total	 <u>60,389.67</u>	 <u>2,287.00</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
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The Civic Center requires a cash deposit in order to reserve a date for use of the facilities. Deposits paid for dates beyond June 30, 2004, created deferred revenue of \$20,125 at year-end.

When the City cuts the grass on personal property as the result of a complaint from neighboring landowners, the owner is billed and a receivable recorded. The majority of these fees are collected at closing when property ownership transfers. As a result, a portion of the revenue recorded is deferred until actually realized. At June 30, 2004, this amount was \$37,117.97.

The City received \$3,146.70 in advance court fees.

Hibernia National Bank returned the responsibility of collection on cemetery loans for several accounts during the year ended June 30, 1996. The potential revenue of \$2,287 is being deferred until the fees are actually received.

NOTE 12 - RESTRICTED AND DESIGNATED NET ASSETS

The following is a summary of restricted and designated net assets at June 30, 2004:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Restricted for:		
Customer deposits	\$.00	\$ 205,013.34
Fire/police salaries	259,358.23	.00
Inventory	35,454.02	.00
Pre-need items	.00	79,747.66
Street maintenance/construction	<u>3,430,438.65</u>	<u>.00</u>
 Total Restricted for:	 <u>3,725,250.90</u>	 <u>284,761.00</u>
 Designated for:		
911 services	85,181.96	.00
Beautification	74,071.61	.00
Capital improvements	77,100.17	.00
Condemnation	25,939.39	.00
Court operations	58,898.50	.00
Insurance	.27	.00
Law enforcement	28,232.60	.00
Recreation	12,545.01	.00
Special events	<u>8,052.12</u>	<u>.00</u>
 Total Designated for:	 <u>370,021.63</u>	 <u>.00</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

Prior period adjustments represent corrections to the financial statements of prior years. The following adjustments were made as of June 30, 2004:

Business-Type Activities

Unrecorded liability for pre-need items \$ 3,332.50

NOTE 14 – INTERFUND RECEIVABLES AND PAYABLES

Amounts due to/from other funds within the City at June 30, 2004, are as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$.00	\$ 1,320.00
Special Revenue Funds:		
Supplemental Pay Fund	91,769.44	.00
City Court Fund	1,320.00	.00
Fire/Police Special Tax Fund	<u>.00</u>	<u>91,769.44</u>
 Total	 <u>93,089.44</u>	 <u>93,089.44</u>

NOTE 15 - INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

The following is a summary of amounts due to/from other governmental agencies at June 30, 2004:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 4,150.25	\$ 12,997.64
Special Revenue Funds:		
911 Communications	.00	5,500.00
Street Maintenance	64,859.08	.00
Fire/Police Special Tax Fund	89,779.97	.00
Enterprise Funds:		
City Parish Sewer Revenue	7,389.87	.00
Utility	<u>.00</u>	<u>3,590.66</u>
 Total	 <u>166,179.17</u>	 <u>22,088.30</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 16 – INTERFUND TRANSFERS

Transfers to and from funds within the City for the year ended June 30, 2004, were as follows:

<u>To</u>	From		
	<u>Utility</u>	<u>Cemetery</u>	<u>All Others</u>
General Fund	<u>\$ 276,095.13</u>	<u>\$ 6,502.87</u>	<u>\$ 4,133.70</u>

These transfers include those made to move unrestricted revenues collected to other funds based on budgetary authorization.

NOTE 17- LEASES

No capital leases exist as of June 30, 2004. There are three operating leases. The Mayor’s auto lease began on January 31, 2001, for a period of 3 years, extended to March 16, 2004, with a minimum annual commitment of \$7,345.77. A new vehicle was leased on March 17th for 35 months at \$465.94 per month. The Police Chief’s vehicle has a minimum annual commitment of \$4,791.60, and its 4 year period began on February 23, 2000. On June 1, 2001, the Mayor’s Administrative Assistant leased a vehicle with an annual commitment of \$4,472. It is being leased for a period of 3 years.

NOTE 18 - PROPERTY TAXES

Property taxes are due January 1st, and delinquent after December 31st. Under La. Revised Statute 33:1435, taxes are assessed and collected by the East Baton Rouge Sheriff. The City’s portion is remitted by the Sheriff on a monthly basis. Taxes of 5.43 mills were levied for the most recent year. The total assessed value of property in the City is \$40,585,260 as of the 2003 tax rolls. The following are the principal taxpayers for the City:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Corrosion Materials	\$ 1,535,150	3.78%
Wal-Mart Stores	1,332,200	3.28%
Agway Systems	959,900	2.37%
Hancock Bank	782,550	1.93%
Graves Chevrolet-Realty Co.	767,500	1.89%
Albertson’s	738,350	1.82%
Joseph Ltd. Baker, LLC	684,700	1.69%
Bellsouth Telecommunications	561,630	1.38%
Hibernia National Bank	558,950	1.37%
Camellia Trace Ltd, Partnership	461,000	1.13%

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 19 – BUSINESS-TYPE ACTIVITIES - SEGMENT INFORMATION

The City maintains three enterprise funds that provide water, gas, sewer and burial services. Segment information for the year ended June 30, 2004, is as follows:

	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	<u>Total</u>
Condensed Statement of Net Assets				
Current assets	\$3,813,046.35	\$ 713,311.20	\$ 197,142.12	\$ 4,723,499.67
Restricted assets	205,013.34	79,747.66	.00	284,761.00
Capital assets, net	<u>3,782,718.51</u>	<u>258,641.39</u>	<u>.00</u>	<u>4,041,359.90</u>
Total Assets	7,800,778.20	1,051,700.25	197,142.12	9,049,620.57
Current liabilities	531,387.08	124,035.88	.00	655,422.96
Long-term liabilities	<u>1,380,817.59</u>	<u>490,924.92</u>	<u>5,406.76</u>	<u>1,877,149.27</u>
Total Liabilities	1,912,204.67	614,960.80	5,406.76	2,532,572.23
Invested in capital assets, net of related debt	3,782,718.51	258,641.39	.00	4,041,359.90
Restricted	205,013.34	79,747.66	.00	284,761.00
Unrestricted	<u>1,900,841.68</u>	<u>98,350.40</u>	<u>191,735.36</u>	<u>2,190,927.44</u>
Total Net Assets	<u>5,888,573.53</u>	<u>436,739.45</u>	<u>191,735.36</u>	<u>6,517,048.34</u>
 Condensed Statement of Revenues, Expenses and Changes in Net Assets				
Operating revenues	\$ 3,264,413.85	\$ 161,811.28	\$ 62,468.21	\$ 3,488,693.34
Operating expenses	(2,702,855.46)	(157,508.93)	(63,558.46)	(2,923,922.85)
Depreciation expense	<u>(255,665.60)</u>	<u>(11,336.98)</u>	<u>.00</u>	<u>(267,002.58)</u>
Operating Income (loss)	561,558.39	4,302.35	(1,090.25)	564,770.49
Non-operating revenues (expenses), net	(42,591.99)	12,462.92	4,511.82	(25,617.25)
Transfers, net	<u>(276,095.13)</u>	<u>(6,502.87)</u>	<u>(4,034.74)</u>	<u>(286,632.74)</u>
Change in Net Assets	242,871.27	10,262.40	(613.17)	252,520.50
Net assets, beginning	5,645,702.26	429,809.55	192,348.53	6,267,860.34
Adjustments to prior periods	<u>.00</u>	<u>(3,332.50)</u>	<u>.00</u>	<u>(3,332.50)</u>
Net assets, ending	<u>5,888,573.53</u>	<u>436,739.45</u>	<u>191,735.36</u>	<u>6,517,048.34</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	<u>Total</u>
Condensed Statement of Cash Flows				
Net cash provided by (used for):				
Operating activities	\$ 811,129.33	\$ 7,162.10	\$ (3,382.90)	\$ 814,908.53
Non-capital financing activities	(276,095.13)	(6,502.87)	(4,034.74)	(286,632.74)
Capital and related financing activities	(406,013.94)	.00	.00	(406,013.94)
Investing activities	(548,212.45)	8,482.02	7,417.64	(532,312.79)
Net Increase (Decrease) in Cash and Cash Equivalents	(419,192.19)	9,141.25	.00	(410,050.94)
Cash and cash equivalents, beginning of period	<u>2,252,379.62</u>	<u>120,606.41</u>	<u>25,000.00</u>	<u>2,397,986.03</u>
Cash and cash equivalents, end of period	<u>1,833,187.43</u>	<u>129,747.66</u>	<u>25,000.00</u>	<u>1,987,935.09</u>

NOTE 20 - RELATED PARTY TRANSACTIONS

There were no related party transactions that would require disclosure in the accompanying financial statements.

NOTE 21 - LITIGATION

There are currently eight open lawsuits against the City with maximum exposure estimated at or less than the deductible of \$75,000. There is one lawsuit pending with maximum exposure estimated at more than the deductible but the total has not been determined. Risk Management, Inc., the City's liability and casualty carrier, is defending these claims.

In addition, there is a lawsuit pending involving certain firefighters. The likely outcome and exposure to the City of the remaining issues of this suit cannot be determined at this time. Another wage dispute has been filed in the Nineteenth Judicial District for which the outcome has not been determined.

NOTE 22 - SUBSEQUENT EVENTS

There were no subsequent events that would have a significant impact on the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION
(PART 2 OF 2)

CITY OF BAKER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Street maintenance (City Parish)	\$ 46,530.00	\$ 46,530.00	\$ 46,530.00	\$ -
Weed cutting (DOTD)	9,724.00	9,724.00	9,724.24	0.24
Total Intergovernmental	56,254.00	56,254.00	56,254.24	0.24
Taxes:				
Sales	2,675,000.00	2,675,000.00	2,599,057.41	(75,942.59)
Franchise	450,000.00	450,000.00	452,858.53	2,858.53
Property	204,000.00	204,000.00	204,283.34	283.34
Teleprompter	120,000.00	120,000.00	118,157.52	(1,842.48)
Industrial	51,000.00	51,000.00	55,064.00	4,064.00
Occupancy	125,000.00	27,489.00	40,286.05	12,797.05
Firemen's	33,000.00	33,000.00	37,539.60	4,539.60
Chain store	11,000.00	11,000.00	16,550.00	5,550.00
Beer	11,000.00	11,000.00	12,356.23	1,356.23
Total Taxes	3,680,000.00	3,582,489.00	3,536,152.68	(46,336.32)
Licenses and Permits:				
Insurance licenses	135,000.00	135,000.00	174,709.60	39,709.60
Business licenses	145,000.00	145,000.00	148,222.94	3,222.94
Plumbing licenses	8,000.00	8,000.00	19,972.50	11,972.50
Plumbing permits	7,000.00	7,000.00	9,400.00	2,400.00
Building permits	8,500.00	8,500.00	10,924.50	2,424.50
Electrical licenses	4,500.00	4,500.00	3,900.00	(600.00)
Beer permits	3,000.00	3,000.00	4,040.00	1,040.00
Electrical permits	4,500.00	4,500.00	4,897.00	397.00
Other licenses/permits	2,200.00	2,200.00	3,635.00	1,435.00
Total Licenses and Permits	317,700.00	317,700.00	379,701.54	62,001.54

Continued

CITY OF BAKER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> (Budgetary Basis)	<u>Final Budget</u> Positive (Negative)
Charges for Services:				
Garbage collection	\$ 630,000.00	\$ 630,000.00	\$ 614,921.48	\$ (15,078.52)
Public safety	55,000.00	55,000.00	50,052.00	(4,948.00)
Civic Center fees	28,000.00	28,000.00	14,920.00	(13,080.00)
Rent - utility	27,500.00	27,500.00	27,500.04	0.04
Rent - City property	13,000.00	13,000.00	14,594.95	1,594.95
Citizen's participation	14,834.00	14,834.00	13,682.00	(1,152.00)
Police reports	10,000.00	10,000.00	8,312.84	(1,687.16)
Rent - sewer	2,500.00	2,500.00	2,499.96	(0.04)
Weed cutting	2,000.00	2,000.00	865.00	(1,135.00)
Other charges for services	200.00	200.00	-	(200.00)
Rezoning fees	100.00	100.00	135.00	35.00
Bicycle registration	-	100.00	-	(100.00)
Museum fees	-	-	50.00	50.00
Total Charges for Services	783,134.00	783,234.00	747,533.27	(35,700.73)
Fines:				
City court receipts	250,000.00	250,000.00	281,477.70	31,477.70
Interest:				
Interest earned	105,400.00	105,400.00	89,546.29	(15,853.71)
Other Revenues:				
Other revenues	12,950.00	12,950.00	47,994.63	35,044.63
Grant proceeds	159,500.00	186,385.00	142,982.44	(43,402.56)
Donations	12,307.00	12,307.00	9,400.00	(2,907.00)
Vending machine commissions	600.00	600.00	499.64	(100.36)
Inspection fees	500.00	500.00	155.00	(345.00)
Total Other Revenues	185,857.00	212,742.00	201,031.71	(11,710.29)
Total Revenues	5,378,345.00	5,307,819.00	5,291,697.43	(16,121.57)

Continued

CITY OF BAKER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>EXPENDITURES</u>				
General Government:				
Administrative	\$ 514,051.00	\$ 614,633.00	\$ 652,713.47	\$ (38,080.47)
Alcohol control board	1,455.00	1,455.00	1,932.60	(477.60)
Beautification	186,401.00	188,742.00	112,962.25	75,779.75
Central garage	53,848.00	55,700.00	52,977.87	2,722.13
Central stores	59,984.00	60,844.00	61,047.95	(203.95)
City attorney	78,363.00	79,143.00	105,020.26	(25,877.26)
City court	347,957.00	354,077.00	331,530.71	22,546.29
Civic center	116,341.00	120,280.00	119,812.28	467.72
Civil defense	300.00	300.00	-	300.00
Civil service	50,229.00	52,081.00	52,091.16	(10.16)
Council	87,880.00	115,380.00	91,255.21	24,124.79
Council on aging	9,550.00	9,550.00	7,886.19	1,663.81
Economic development	31,500.00	31,500.00	37,657.63	(6,157.63)
Heritage museum	87,449.00	87,449.00	81,967.78	5,481.22
Inspection	88,484.00	92,188.00	91,427.92	760.08
Municipal annex	52,245.00	53,025.00	57,289.93	(4,264.93)
Planning commission	4,621.00	4,621.00	4,083.14	537.86
Prosecution	82,406.00	83,166.00	79,376.09	3,789.91
Recreation	1,900.00	1,900.00	-	1,900.00
Total General Government	1,854,964.00	2,006,034.00	1,941,032.44	65,001.56
Public Safety:				
Fire	955,837.00	987,849.00	932,786.02	55,062.98
Police	1,571,360.00	1,651,040.00	1,584,062.86	66,977.14
Fire/Police civil service	11,767.00	12,967.00	7,187.65	5,779.35
Total Public Safety	2,538,964.00	2,651,856.00	2,524,036.53	127,819.47

CITY OF BAKER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Public Works:				
Public works	\$ 1,415,478.00	\$ 1,453,411.00	\$ 1,454,956.75	\$ (1,545.75)
Capital outlay	593,698.00	611,011.00	456,358.21	154,652.79
Total Expenditures	<u>6,403,104.00</u>	<u>6,722,312.00</u>	<u>6,376,383.93</u>	<u>345,928.07</u>
Excess (Deficiency) of Revenues over Expenditures	(1,024,759.00)	(1,414,493.00)	(1,084,686.50)	329,806.50
<u>OTHER FINANCING SOURCES (USES)</u>				
Gain/loss on sale of securities, net	-	-	(99,495.05)	(99,495.05)
Operating transfers in	267,000.00	364,511.00	286,731.70	(77,779.30)
Total Other Financing Sources (Uses)	<u>267,000.00</u>	<u>364,511.00</u>	<u>187,236.65</u>	<u>(177,274.35)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(757,759.00)	(1,049,982.00)	(897,449.85)	152,532.15
Fund Balances, beginning	<u>4,596,271.63</u>	<u>4,596,271.63</u>	<u>4,596,271.63</u>	-
Fund Balances, ending	<u><u>3,838,512.63</u></u>	<u><u>3,546,289.63</u></u>	<u><u>3,698,821.78</u></u>	<u><u>152,532.15</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
STREET MAINTENANCE FUND
YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Sales taxes	\$ 488,000.00	\$ 488,000.00	\$ 543,536.01	\$ 55,536.01
Interest earned	24,000.00	24,000.00	33,286.53	9,286.53
Total Revenues	512,000.00	512,000.00	576,822.54	64,822.54
<u>EXPENDITURES</u>				
Public works	220,000.00	220,000.00	37,001.31	182,998.69
Capital outlay	2,963,000.00	3,715,000.00	317,845.97	3,397,154.03
Total Expenditures	3,183,000.00	3,935,000.00	354,847.28	3,580,152.72
Excess (Deficiency) of Revenues over Expenditures	(2,671,000.00)	(3,423,000.00)	221,975.26	3,644,975.26
Fund Balances, beginning	3,092,554.00	3,092,554.00	3,208,463.39	(115,909.39)
Fund Balances, ending	421,554.00	(330,446.00)	3,430,438.65	3,529,065.87

The accompanying notes are an integral part of this statement.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
GENERAL FUND
JUNE 30, 2004 AND 2003**

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	\$ 1,897,201.34	\$ 2,155,564.70
Investments	1,171,382.45	1,853,361.52
Inventory, at cost	35,454.02	25,268.33
Due from other governmental agencies	4,150.25	8,817.11
Account receivables, net	219,569.88	197,963.74
Taxes receivables, net	451,654.87	393,159.75
Accrued interest receivable	2,168.61	1,690.59
Prepaid expenses	30,471.72	30,471.72
Restricted assets:		
Cash and cash equivalents	28,298.86	18,526.21
TOTAL ASSETS	<u><u>3,840,352.00</u></u>	<u><u>4,684,823.67</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due to City Court Operations	1,320.00	828.00
Due to other governmental agencies	12,997.64	5,966.98
Accounts payable	64,772.91	45,807.59
Bonds held for future disposition	2,050.00	2,050.00
Deferred revenue	60,389.67	33,899.47
	<u>141,530.22</u>	<u>88,552.04</u>
	Total Liabilities	88,552.04
Fund Balances:		
Reserved for inventory	35,454.02	25,268.33
Unreserved:		
Designated for beautification	74,071.61	75,103.56
Designated for capital improvements	77,100.17	345,533.74

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET (Continued)
GENERAL FUND
JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Designated for condemnation	\$ 25,939.39	\$ 25,939.39
Designated for economic development	-	115,016.38
Designated for insurance	0.27	42,431.27
Designated for law enforcement	28,232.60	19,582.70
Designated for recreation	12,545.01	26,194.87
Designated for special events	8,052.12	6,715.98
Undesignated	<u>3,437,426.59</u>	<u>3,914,485.41</u>
Total Fund Balances	<u>3,698,821.78</u>	<u>4,596,271.63</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>3,840,352.00</u></u>	<u><u>4,684,823.67</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>REVENUES</u>		
Intergovernmental:		
Street maintenance (City Parish)	\$ 46,530.00	\$ 46,530.00
Weed cutting (DOTD)	9,724.24	9,724.23
Total Intergovernmental	56,254.24	56,254.23
Taxes:		
Sales	2,599,057.41	2,507,962.39
Franchise	452,858.53	430,073.34
Property	204,283.34	202,351.16
Teleprompter	118,157.52	114,836.98
Industrial	55,064.00	50,009.00
Occupancy	40,286.05	40,211.83
Firemen's	37,539.60	34,910.64
Chain store	16,550.00	12,947.36
Beer	12,356.23	11,735.43
Total Taxes	3,536,152.68	3,405,038.13
Licenses and Permits:		
Insurance licenses	174,709.60	154,971.60
Business licenses	148,222.94	148,248.71
Building permits	19,972.50	7,838.55
Plumbing licenses	9,400.00	7,800.00
Plumbing permits	10,924.50	4,610.00
Electrical licenses	3,900.00	3,800.00
Beer permits	4,040.00	2,987.50
Electrical permits	4,897.00	2,881.00
Other licenses/permits	3,635.00	1,960.00
Total Licenses and Permits	379,701.54	335,097.36

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Charges for Services:		
Garbage collection	\$ 614,921.48	\$ 603,066.64
Public safety	50,052.00	47,473.00
Civic Center fees	14,920.00	30,350.00
Rent - utility	27,500.04	28,566.29
Rent - City property	14,594.95	21,322.75
Citizen's participation	13,682.00	20,832.41
Police reports	8,312.84	7,773.36
Rent - sewer	2,499.96	2,499.96
Weed cutting	865.00	538.00
Other charges for services	-	379.26
Rezoning fees	135.00	250.00
Bicycle registration	-	10.00
Museum fees	50.00	-
Total Charges for Services	747,533.27	763,061.67
Fines:		
City court receipts	281,477.70	215,548.28
Interest:		
Interest earned	89,546.29	84,791.62
Other Revenues:		
Other revenues	47,994.63	34,908.34
Grant proceeds	142,982.44	33,953.54
Donations	9,400.00	11,800.00
Vending machine commissions	499.64	674.14
Inspection fees	155.00	430.00
Total Other Revenues	201,031.71	81,766.02
Total Revenues	5,291,697.43	4,941,557.31

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
EXPENDITURES		
General Government:		
Administrative		
Association dues	\$ 2,934.00	\$ 3,686.00
Auditing fees	12,476.70	18,000.00
Auto lease	14,541.68	9,786.72
Buffalo Festival	19,834.36	23,306.63
Christmas activities	2,137.89	6,139.92
Codification	5,430.97	150.00
Computer expense	1,741.87	17,152.62
Donations	2,500.00	1,950.00
Election expense	9,632.98	1,169.03
Employee drug testing	3,963.56	4,070.64
Equipment rental	1,124.00	445.50
Gas and oil	2,595.99	2,464.26
Inaugural expense	1,452.36	-
Insurance	279,620.96	43,204.42
Lease/Baker Civic Club	20.00	10.00
Maintenance and repairs	1,606.00	2,515.92
Maintenance of vehicles	1,248.93	867.86
Municipal assessment roll	5,501.00	5,491.00
Official journal	12,586.03	8,527.55
Other expenditures	3,928.34	9,283.64
Postage	2,203.87	1,891.00
Public relations	1,734.25	2,289.26
Recreation	10,844.05	14,273.81
Redistricting for Council	-	3,386.74
Retirement	19,311.99	12,151.23
Salaries	190,310.42	186,257.58
Salaries study/complex study	10,000.00	9,100.00
Seminars	1,039.00	1,185.00
Supplies	10,730.31	9,071.55
Telephone	11,448.11	10,321.29
Travel allowance	2,987.64	7,103.61
Trust fees	5,963.10	10,657.82
Uniforms	1,062.95	731.45
Utility fire hydrant rentals	200.16	200.16
Total Administrative	652,713.47	426,842.21

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Alcohol Control Board		
Retirement	\$ 489.68	\$ 90.59
Salaries	1,200.00	1,200.00
Supplies	242.92	49.97
Total Alcohol Control Board	1,932.60	1,340.56
Beautification		
Gas and oil	920.65	295.09
Insurance	12,165.40	7,094.26
Lease - railroad right of way	25.00	25.00
Maintenance of vehicles	1,877.27	1,705.43
Retirement	10,471.71	5,429.00
Salaries	80,387.21	60,739.92
Supplies	6,191.91	9,848.02
Uniforms	923.10	919.92
Total Beautification	112,962.25	86,056.64
Central Garage		
Association dues	38.00	-
Computer expense	931.00	1,275.85
Equipment rental	1,209.10	1,447.86
Gas and oil	288.70	231.57
Insurance	8,985.80	7,063.07
Maintenance and repairs	225.50	1,265.47
Maintenance of vehicles	1,417.47	120.82
Retirement	4,059.00	2,488.09
Salaries and overtime	33,636.61	33,451.86
Seminars	-	60.00
Supplies	1,924.65	3,460.44
Telephone	60.04	-
Uniforms	202.00	303.18
Total Central Garage	52,977.87	51,168.21
Central Stores		
Computer	1,642.50	1,490.00
Insurance	5,373.97	2,113.87

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Maintenance and repairs	\$ 1,980.68	\$ 1,274.96
Maintenance of vehicles	43.19	459.48
Retirement	5,436.10	3,262.01
Salaries	41,904.00	38,525.23
Supplies	2,217.05	1,969.27
Telephone	2,033.77	2,053.50
Uniforms	416.69	261.25
Total Central Stores	61,047.95	51,409.57
 City Attorney		
Computer expense	50.00	-
Insurance	2,764.14	1,959.40
Outside legal services/lawsuits	45,419.04	40,436.09
Postage	17.26	-
Retirement	6,556.86	4,533.50
Salaries	48,648.84	49,923.84
Seminars	450.00	-
Supplies	1,109.76	1,140.74
Telephone	4.36	89.69
Total City Attorney	105,020.26	98,083.26
 City Court		
Ad hoc judge	1,458.26	-
Auditing fees	4,851.69	4,750.00
Court-ordered payments	98,491.08	66,555.46
Equipment rental	697.96	445.50
Insurance	16,662.97	10,297.25
Judge's expense	2,100.00	2,100.00
Judicial retirement	4,599.20	2,875.86
Maintenance and repairs	2,204.92	805.00
Postage	1,249.75	1,530.00
Retirement	17,922.30	11,835.74
Salaries	160,891.44	159,061.01
Supplies	5,110.57	5,184.87
Telephone	6,084.32	5,428.42

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Travel allowance	\$ 1,106.46	\$ 1,200.00
Uniforms	-	1,400.00
Utilities	8,099.79	6,194.30
Total City Court	331,530.71	279,663.41
 Civic Center		
Bad debts	-	603.75
Gas and oil	1,473.02	1,316.60
Insurance	23,907.61	22,006.63
Maintenance and repairs	5,908.01	2,896.19
Maintenance of vehicles	365.72	499.25
Retirement	7,969.58	4,906.03
Salaries and overtime	74,363.73	73,610.89
Supplies	3,726.12	1,122.86
Telephone	1,324.34	1,337.05
Uniforms	774.15	654.98
Total Civic Center	119,812.28	108,954.23
 Civil Service		
Insurance	7,099.97	5,169.52
Maintenance and repairs	200.00	-
Postage	141.04	-
Retirement	4,994.81	3,614.10
Salaries	37,212.00	40,156.50
Seminars	344.00	150.00
Supplies	779.95	1,239.06
Telephone	969.39	914.19
Travel allowance	-	217.11
Uniforms	350.00	354.58
Total Civil Service	52,091.16	51,815.06
 Council		
Association dues	2,834.00	2,734.00
Computer	587.50	1,499.07
Council clerk	12,000.00	12,000.00

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Expense allowance	\$ 4,500.00	\$ 4,500.00
Insurance	1,041.20	1,271.20
Legal fees	12,492.05	-
Postage	422.91	-
Retirement	4,495.03	3,569.56
Salaries	42,000.00	42,000.00
Seminars	2,540.00	885.00
Supplies	2,666.89	3,957.88
Telephone	2,932.07	1,713.42
Telephone - private lines	798.06	1,555.99
Travel allowance	1,945.50	2,528.16
Total Council	91,255.21	78,214.28
 Council on Aging		
Maintenance and repairs	720.59	1,161.15
Special events	115.20	70.56
Supplies	1,995.79	1,973.84
Telephone	1,190.98	1,143.42
Utilities	3,863.63	3,656.06
Total Council on Aging	7,886.19	8,005.03
 Economic Development		
Contracted services	15,413.20	22,877.90
Other outside services	16,568.10	-
Seminars	2,025.00	-
Supplies	3,651.33	111.05
Total Economic Development	37,657.63	22,988.95
 Heritage Museum		
Association dues	-	305.00
Computer	1,985.50	2,337.47
Equipment rental	1,187.48	1,460.50
Exhibit construction	1,490.00	-
Insurance	5,960.35	4,263.66
Maintenance and repairs	11,479.13	6,245.35

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Postage	\$ 224.95	\$ 340.00
Retirement	4,613.17	2,775.09
Salaries	41,351.89	42,926.25
Seminars	100.00	345.00
Supplies	5,899.18	9,699.78
Telephone	1,936.41	1,921.95
Travel allowance	927.25	-
Uniforms	532.18	537.40
Utilities	4,280.29	3,963.39
Total Heritage Museum	81,967.78	77,120.84
 Inspection		
Association dues	100.00	75.00
Computer	644.99	-
Equipment rental	557.64	445.50
Gas and oil	171.16	186.68
Insurance	17,540.74	13,994.94
Maintenance and repairs	200.00	461.75
Maintenance of vehicles	199.60	13.00
Postage	611.86	615.00
Retirement	8,005.28	5,169.19
Salaries	59,244.00	58,224.00
Supplies	1,891.67	933.90
Telephone	1,965.73	3,092.47
Uniforms	295.25	254.42
Total Inspection	91,427.92	83,465.85
 Municipal Annex		
Gas and oil	1,326.60	1,347.01
Insurance	7,939.47	5,878.82
Maintenance and repairs	1,128.49	1,267.95
Retirement	3,347.86	2,027.70
Salaries and overtime	32,346.12	30,595.83

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Supplies	\$ 937.47	\$ 2,266.34
Uniforms	197.75	202.94
Utilities/MV building	10,066.17	4,666.59
Total Municipal Annex	57,289.93	48,253.18
 Planning Commission		
Insurance	15.94	15.36
Retirement	467.20	320.72
Salaries	3,600.00	3,600.00
Supplies	-	57.71
Total Planning Commission	4,083.14	3,993.79
 Prosecution		
Computer	670.00	896.50
Dues	-	90.00
Equipment rental	100.24	-
Insurance	6,326.06	4,544.88
Maintenance and repairs	125.00	940.75
Postage	367.18	708.00
Retirement	7,720.46	5,182.60
Salaries	60,671.92	59,787.92
Seminars	375.00	375.00
Supplies	837.81	1,167.05
Telephone	1,300.74	1,230.22
Uniforms	24.00	350.00
Utilities	857.68	837.92
Total Prosecution	79,376.09	76,110.84
Total General Government	1,941,032.44	1,553,485.91

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<i>Public Safety:</i>		
Fire		
Association dues	\$ -	\$ 365.00
Computer expense	8,180.02	865.77
Equipment rental	68.00	68.00
Fire prevention	2,058.60	2,728.55
Fire training	4,902.96	3,310.00
<i>Gas and oil</i>	8,516.34	6,977.99
Insurance	166,092.16	126,089.34
Interest expense	-	30.00
Maintance and repairs	7,670.07	7,099.24
Maintenance of vehicles	3,939.59	5,732.42
Medical supplies	314.50	1,545.00
Postage	6.47	-
<i>Retirement</i>	109,178.92	56,072.76
Salaries and overtime	548,287.63	496,620.89
Seminars	195.00	75.00
Supplies	53,053.22	11,389.70
Telephone	7,755.41	7,176.91
Travel allowance	271.99	22.46
Uniforms	3,014.93	3,385.68
<i>Utilities</i>	9,280.21	7,750.65
	Total Fire	932,786.02
		737,305.36
Police		
Association dues	300.00	380.00
Auto lease	7,126.35	4,811.56
Auxillary pay	4,140.00	5,400.00
Auxillary supplies	200.00	2,439.89
Computer expense	3,674.45	174.99
Deputy marshall	15,576.84	14,999.92
Equipment rental	1,532.00	853.50
Firearms training	2,693.76	1,851.57
Gas and oil	55,259.33	43,364.11
Insurance	253,147.76	209,865.33
<i>Junior deputies</i>	-	1,340.00

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Law enforcement expense	\$ 8,930.27	\$ 8,491.69
Maintance and repairs	9,849.86	12,056.95
Maintenance of vehicles	26,782.42	21,109.05
Medical supplies	-	1,013.00
Police chief's expense	2,400.00	2,400.00
Postage	1,029.20	1,364.20
Prisoner expense	52.49	95.47
Psychological testing	-	500.00
Retirement	152,768.33	72,603.20
Salaries and overtime	945,058.26	914,118.87
Seminars	2,291.95	1,427.53
Supplies	46,173.16	37,912.91
Telephone	23,784.90	22,301.52
Travel allowance	2,147.86	1,646.33
Uniforms	5,634.27	11,837.64
Utilities	13,509.40	10,353.08
Total Police	1,584,062.86	1,404,712.31
 Fire/Police Civil Service		
Insurance	21.63	-
Legal fees	1,410.00	-
Postage	49.80	-
Retirement	830.92	-
Salaries	4,800.00	-
Supplies	75.30	-
Total Fire/Police Civil Service	7,187.65	-
Total Public Safety	2,524,036.53	2,142,017.67
 Public Works:		
Animal control	18,000.00	12,000.00
Computer expense	867.38	583.13
Engineering fees	497.50	350.00
Equipment rental	200.48	-

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Garbage collection	\$ 576,626.28	\$ 473,523.74
Gas and oil	16,166.38	13,171.69
Herbicide/weed killer	14,387.20	21,112.20
Insurance	89,193.53	88,103.61
Landfill fees	2,533.00	1,447.00
Maintance and repairs	20,291.97	72,150.57
Maintenance of vehicles	15,502.52	12,363.08
Medical supplies	-	280.00
Postage	85.17	-
Recycling expense	128,361.86	104,937.22
Retirement	44,616.88	33,329.77
Salaries and overtime	349,567.27	410,572.91
Security and traffic lights	142,005.11	131,562.43
Seminars	50.00	415.00
Supplies	11,292.75	13,580.72
Telephone	4,777.94	5,836.15
Uniforms	4,429.88	4,514.32
Utilities	15,503.65	14,229.83
Total Public Works	1,454,956.75	1,414,063.37
 <i>Capital Outlay:</i>		
Administrative		
Computers	-	5,164.30
Police		
Cars/equipment	16,133.00	88,679.54
Computer equipment	15,000.00	8,250.96
Communication center improvements	10,000.00	-
Copier	-	2,200.00
Public Works		
Sandbagger	14,999.00	-
Side mower/tractor	-	43,740.54
Street signs/sidewalks	127,573.60	15,201.84
Railroad crossings	16,740.00	-
Fire		
Fire engine/pumper	249,390.54	-

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Central Garage		
Computer/monitor and printer	\$ -	\$ 1,263.95
Central Stores		
Credenza/hutch/bookcase/computer cart	-	704.85
Executive desk	-	499.95
City Court		
Safety remodeling	4,674.00	-
Council		
Notebook computer	-	1,349.99
Printers(2) and scanner	-	1,495.59
Buildings and Grounds		
Auditorium renovations	-	22,459.51
Tables/folding	-	1,250.00
City Court		
Copier	-	5,000.00
Museum		
Furniture	1,848.07	-
Total Capital Outlay	456,358.21	197,261.02
Total Expenditures	6,376,383.93	5,306,827.97
Deficiency of Revenues over Expenditures	(1,084,686.50)	(365,270.66)
 <u>OTHER FINANCING SOURCES (USES)</u>		
Gain/loss on sale of securities, net	(99,495.05)	-
Operating transfers in	286,731.70	205,608.18
Operating transfers out	-	(52,691.05)
Total Other Financing Sources (Uses)	187,236.65	152,917.13
Deficiency of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(897,449.85)	(212,353.53)

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Fund Balances, beginning	\$ 4,596,271.63	\$ 4,808,625.16
Fund Balances, ending	<u>3,698,821.78</u>	<u>4,596,271.63</u>

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2004**

With Comparative Totals for June 30, 2003

	911 Communications	Supplemental Pay	Fire/Police Special Tax	Street Maintenance	City Court	Totals (Memorandum Only)	
						2004	2003
Cash and cash equivalents	\$ 70,000.00	\$ -	\$ -	\$ -	\$ 60,934.01	\$ 130,934.01	\$ 128,271.55
Investments	20,681.96	-	-	-	-	20,681.96	13,386.48
Due from other funds	-	91,769.44	-	-	1,320.00	93,089.44	104,597.44
Due from other governmental agencies	-	-	89,779.97	64,859.08	-	154,639.05	151,073.69
Accrued interest receivable	-	-	-	18.73	-	18.73	900.72
Restricted assets:							
Cash and cash equivalents	-	10,000.00	124,051.71	1,528,130.00	-	1,662,181.71	1,975,116.79
Investments	-	35,526.55	-	1,837,430.84	-	1,872,957.39	1,445,063.94
TOTAL ASSETS	90,681.96	137,295.99	213,831.68	3,430,438.65	62,254.01	3,934,502.29	3,818,410.61

LIABILITIES AND FUND BALANCES

Liabilities:							
Accounts payable	-	-	-	-	3,255.51	3,255.51	56,897.93
Deferred revenues	-	-	-	-	-	-	5,500.00
Due to other governmental agencies	5,500.00	-	-	-	-	5,500.00	-

CITY OF BAKER, LOUISIANA
COMBINING BALANCE SHEET (Continued)
SPECIAL REVENUE FUNDS
JUNE 30, 2004

With Comparative Totals for June 30, 2003

	911 Communications	Supplemental Pay	Fire/Police Special Tax	Street Maintenance	City Court	Totals (Memorandum Only)	
						2004	2003
Due to other funds	\$ -	\$ -	\$ 91,769.44	\$ -	\$ -	\$ 91,769.44	\$ 103,769.44
Due to bond accounts	-	-	-	-	100.00	100.00	100.00
Total Liabilities	5,500.00	-	91,769.44	-	3,355.51	100,624.95	166,267.37
Fund Balances:							
Reserved for fire/police salaries and equipment	-	137,295.99	122,062.24	-	-	259,358.23	307,074.98
Reserved for street maintenance/construction	-	-	3,430,438.65	-	-	3,430,438.65	3,208,463.39
Unreserved:							
Designated for 911 services	85,181.96	-	-	-	-	85,181.96	77,886.48
Designated for court operations	-	-	-	-	58,898.50	58,898.50	58,718.39
Total Fund Balances	85,181.96	137,295.99	122,062.24	3,430,438.65	58,898.50	3,833,877.34	3,652,143.24
TOTAL LIABILITIES AND FUND BALANCES	90,681.96	137,295.99	213,831.68	3,430,438.65	62,254.01	3,934,502.29	3,818,410.61

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2004

With Comparative Totals for the Year Ended June 30, 2003

	911 Communications	Supplemental Pay	Fire/Police Special Tax	Street Maintenance	City Court	Totals (Memorandum Only)	
						2004	2003
<u>REVENUES</u>							
Intergovernmental	\$ 101,500.00	\$ -	\$ -	\$ -	\$ -	\$ 101,500.00	\$ 66,000.00
Taxes	-	-	603,681.31	543,536.01	-	1,147,217.32	1,111,067.26
Charges for services	-	-	-	-	31,882.14	31,882.14	17,878.00
Interest earned	768.44	3,034.64	-	33,286.53	196.82	37,286.43	61,835.23
Grant proceeds	-	-	-	-	-	-	-
Total Revenues	102,268.44	3,034.64	603,681.31	576,822.54	32,078.96	1,317,885.89	1,256,780.49
<u>EXPENDITURES</u>							
General government	-	-	-	-	29,877.07	29,877.07	23,786.39
Public safety	94,285.77	3,403.86	585,593.38	-	-	683,283.01	522,085.62
Public works	-	-	-	37,001.31	-	37,001.31	908,323.10
Capital outlay	-	-	65,336.50	317,845.97	2,021.78	385,204.25	81,688.54
Total Expenditures	94,285.77	3,403.86	650,929.88	354,847.28	31,898.85	1,135,365.64	1,535,883.65

CITY OF BAKER, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
YEAR ENDED JUNE 30, 2004

With Comparative Totals for the Year Ended June 30, 2003

	911 Communications	Supplemental Pay	Fire/Police Special Tax	Street Maintenance	City Court	Totals	
						(Memorandum Only) 2004	2003
Excess (Deficiency) of Revenues over Expenditures \$	7,982.67	\$ (369.22)	\$(47,248.57)	\$ 221,975.26	\$ 180.11	\$ 182,520.25	\$(279,103.16)
<u>OTHER FINANCING SOURCES (USES)</u>							
Operating transfers out	(687.19)	-	(98.96)	-	-	(786.15)	(760.04)
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	7,295.48	(369.22)	(47,347.53)	221,975.26	180.11	181,734.10	(279,863.20)
Fund Balances, beginning	77,886.48	137,665.21	169,409.77	3,208,463.39	58,718.39	3,652,143.24	3,932,006.44
Fund Balances, ending	85,181.96	137,295.99	122,062.24	3,430,438.65	58,898.50	3,833,877.34	3,652,143.24

The accompanying notes are an integral part of this statement.

**COMPARATIVE BALANCE SHEET
911 COMMUNICATIONS FUND
JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 70,000.00	\$ 70,000.00
Investments	20,681.96	13,386.48
	90,681.96	83,386.48
TOTAL ASSETS	90,681.96	83,386.48
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Deferred revenues	-	5,500.00
Due to other governmental agencies	5,500.00	-
	5,500.00	5,500.00
Total Liabilities	5,500.00	5,500.00
Fund Balances:		
Unreserved:		
Designated for 911 services	85,181.96	77,886.48
	85,181.96	77,886.48
TOTAL LIABILITIES AND FUND BALANCES	90,681.96	83,386.48

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
911 COMMUNICATIONS FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>REVENUES</u>		
EMS payments	\$ 101,500.00	\$ 66,000.00
Interest earned	768.44	857.39
	102,268.44	66,857.39
<u>EXPENDITURES</u>		
Salaries and overtime	70,179.72	37,051.57
Retirement	10,915.46	4,040.67
Insurance	13,057.15	7,734.24
Supplies	52.19	-
Trust fees	81.25	97.35
	94,285.77	48,923.83
Excess of Revenues over Expenditures	7,982.67	17,933.56
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers to General Fund	(687.19)	(760.04)
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	7,295.48	17,173.52
Fund Balances, beginning	77,886.48	60,712.96
Fund Balances, ending	85,181.96	77,886.48

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
SUPPLEMENTAL PAY FUND
JUNE 30, 2004 AND 2003**

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Due from Fire/Police Special Tax Fund	\$ 91,769.44	\$ 103,769.44
Restricted assets:		
Cash and cash equivalents	10,000.00	10,000.00
Investments	35,526.55	23,895.77
	<hr/>	<hr/>
TOTAL ASSETS	<u>137,295.99</u>	<u>137,665.21</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:	-	-
Fund Balances:		
Reserved for fire/police salaries	137,295.99	137,665.21
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	<u>137,295.99</u>	<u>137,665.21</u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SUPPLEMENTAL PAY FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>REVENUES</u>		
Interest earned	\$ 3,034.64	\$ 4,030.63
Total Revenues	3,034.64	4,030.63
<u>EXPENDITURES</u>		
Loss on securities	2,984.67	-
Money market fees	419.19	539.29
Total Expenditures	3,403.86	539.29
Excess (Deficiency) of Revenues over Expenditures	(369.22)	3,491.34
Fund Balances, beginning	137,665.21	134,173.87
Fund Balances, ending	<u>137,295.99</u>	<u>137,665.21</u>

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
FIRE/POLICE SPECIAL TAX FUND
JUNE 30, 2004 and 2003**

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Due from other governmental agencies	\$ 89,779.97	\$ 91,327.52
Restricted assets:		
Cash and cash equivalents	124,051.71	181,851.69
TOTAL ASSETS	213,831.68	273,179.21
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due to Supplemental Pay Fund	91,769.44	103,769.44
Fund Balances:		
Reserved for fire/police salaries	122,062.24	169,409.77
TOTAL LIABILITIES AND FUND BALANCES	213,831.68	273,179.21

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FIRE/POLICE SPECIAL TAX FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>REVENUES</u>		
Sales taxes	\$ 603,681.31	\$ 592,822.28
Total Revenues	603,681.31	592,822.28
<u>EXPENDITURES</u>		
Salaries and overtime	489,876.53	417,606.75
Retirement	73,092.02	35,941.23
Insurance	22,624.83	19,074.52
Capital outlay	65,336.50	-
Total Expenditures	650,929.88	472,622.50
Excess (Deficiency) of Revenues over Expenditures	(47,248.57)	120,199.78
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers to General Fund	(98.96)	-
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(47,347.53)	120,199.78
Fund Balances, beginning	169,409.77	49,209.99
Fund Balances, ending	<u>122,062.24</u>	<u>169,409.77</u>

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
STREET MAINTENANCE FUND
JUNE 30, 2004 AND 2003**

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Due from other governmental agencies	\$ 64,859.08	\$ 59,746.17
Accrued interest receivable	18.73	779.82
Restricted assets:		
Cash and cash equivalents	1,528,130.00	1,783,265.10
Investments	1,837,430.84	1,421,168.17
TOTAL ASSETS	3,430,438.65	3,264,959.26
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	-	56,495.87
Fund Balances:		
Reserved for street maintenance/construction	3,430,438.65	3,208,463.39
TOTAL LIABILITIES AND FUND BALANCES	3,430,438.65	3,264,959.26

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
STREET MAINTENANCE FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>REVENUES</u>		
Sales taxes	\$ 543,536.01	\$ 518,244.98
Interest earned	33,286.53	56,582.77
	576,822.54	574,827.75
<u>EXPENDITURES</u>		
Bank/trust fees	5,280.42	7,360.81
Repairs and maintenance	-	728,054.48
Professional fees	-	172,729.52
Supplies and materials	178.58	178.29
Loss on investments	31,542.31	-
Capital outlay	317,845.97	72,775.00
	354,847.28	981,098.10
Excess (Deficiency) of Revenues over Expenditures	221,975.26	(406,270.35)
Fund Balances, beginning	3,208,463.39	3,614,733.74
Fund Balances, ending	3,430,438.65	3,208,463.39

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
CITY COURT FUND
JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 60,934.01	\$ 58,271.55
Due from General Fund	1,320.00	828.00
Accrued interest receivable	-	120.90
TOTAL ASSETS	62,254.01	59,220.45
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	3,201.81	402.06
Payroll taxes payable	53.70	-
Due to bond accounts	100.00	100.00
Total Liabilities	3,355.51	502.06
Fund Balances:		
Unreserved:		
Designated for court operations	58,898.50	58,718.39
TOTAL LIABILITIES AND FUND BALANCES	62,254.01	59,220.45

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CITY COURT FUND
YEARS ENDED JUNE 30, 2004 AND 2003

<u>REVENUES</u>	<u>2004</u>	<u>2003</u>
Court costs earned	\$ 31,882.14	\$ 17,878.00
Interest earned	196.82	364.44
	Total Revenues	18,242.44
	32,078.96	18,242.44
<u>EXPENDITURES</u>		
Ad hoc judge	-	1,156.52
Computer expenses	546.15	3,866.98
Drug testing expense	1,547.72	2,632.36
Insurance	1,189.00	1,147.00
Office and supplies	4,830.51	3,853.14
Professional fees	3,625.00	5,189.00
Salaries and related expenses	809.41	-
Seminars/training	9,328.65	3,117.11
Travel	8,000.63	2,824.28
Capital outlay	2,021.78	8,913.54
	Total Expenditures	32,699.93
	31,898.85	32,699.93
Excess (Deficiency) of Revenues over Expenditures	180.11	(14,457.49)
Fund Balances, beginning	58,718.39	73,175.88
Fund Balances, ending	58,898.50	58,718.39

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
UTILITY FUND
JUNE 30, 2004 AND 2003**

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Current Assets:		
Cash and cash equivalents	\$ 1,833,187.43	\$ 2,252,379.62
Investments	1,465,211.49	923,834.80
Inventory	52,818.14	48,091.13
Accounts receivable, net of allowance for doubtful accounts; \$39,250.36 in 2004 and \$39,409.47 in 2003	312,529.57	251,907.04
Unbilled receivables	146,121.36	126,549.99
Accrued interest receivable	1,811.89	2,587.26
Prepaid expenses	1,366.47	2,260.49
Total Current Assets	3,813,046.35	3,607,610.33
Restricted Assets:		
Investments	205,013.34	189,582.22
Property, Plant and Equipment:		
Property, plant and equipment, at cost, net of accumulated depreciation of \$5,108,372.24 in 2004 and \$4,852,706.64 in 2003	3,782,718.51	3,935,209.82
Other Assets:		
Deferred bond debt, net of amortization of \$20,833 in 2004 and \$19,216.08 in 2003	-	1,616.92
TOTAL ASSETS	7,800,778.20	7,734,019.29

CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET (Continued)
UTILITY FUND
JUNE 30, 2004 AND 2003

<u>LIABILITIES AND NET ASSETS</u>	<u>2004</u>	<u>2003</u>
Current Liabilities:		
Payable from current assets:		
Due to other governmental agencies	\$ 3,590.66	\$ 3,692.86
Accounts payable	48,027.46	15,820.21
Accrued interest payable	10,755.62	12,183.29
Revenue bonds payable	264,000.00	251,000.00
Total Current Liabilities (Payable from Current Assets)	326,373.74	282,696.36
Payable from restricted assets:		
Customer deposits	205,013.34	189,582.22
Total Current Liabilities (Payable from Restricted Assets)	205,013.34	189,582.22
Total Current Liabilities	531,387.08	472,278.58
Long-Term Liabilities:		
Compensated absences payable	190,817.59	162,038.45
Revenue bonds payable	1,190,000.00	1,454,000.00
Total Long-Term Liabilities	1,380,817.59	1,616,038.45
Total Liabilities	1,912,204.67	2,088,317.03

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET (Continued)
UTILITY FUND
JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 3,782,718.51	\$ 3,935,209.82
Restricted for customer deposits	205,013.34	189,582.22
Unrestricted	<u>1,900,841.68</u>	<u>1,520,910.22</u>
Total Net Assets	<u>5,888,573.53</u>	<u>5,645,702.26</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>7,800,778.20</u>	 <u>7,734,019.29</u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
UTILITY FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>OPERATING REVENUES</u>		
Charges for services:		
Water sales	\$ 773,051.96	\$ 781,847.57
Gas sales	1,885,966.14	1,858,899.59
Sprinkler system	850.00	3,225.00
Reconnection charges	138,750.40	153,156.05
Sewer fees	429,209.09	428,142.17
Other operating revenues	36,586.26	663.22
Total Operating Revenues	3,264,413.85	3,225,933.60
<u>OPERATING EXPENSES</u>		
Administrative	57,641.64	45,867.30
Depreciation	255,665.60	255,682.07
Employee and related expenses	812,690.69	721,552.94
Occupancy	68,242.86	63,671.27
Personal services	1,508,614.67	1,461,246.66
Total Operating Expenses	2,702,855.46	2,548,020.24
Operating Income	561,558.39	677,913.36
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest earned	25,423.02	36,297.86
Contributions	7,524.49	25,511.71
Bond-related expenses	(1,616.92)	(2,155.08)
Interest expense	(73,922.58)	(82,431.75)
Total Non-Operating Revenues (Expenses)	(42,591.99)	(22,777.26)
Income Before Operating Transfers	518,966.40	655,136.10

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS (Continued)
UTILITY FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>OPERATING TRANSFERS</u>		
Transfers to General Fund	\$ (276,095.13)	\$ (147,059.03)
Change in Net Assets	242,871.27	508,077.07
Net Assets, beginning	<u>5,645,702.26</u>	<u>5,137,625.19</u>
Net Assets, ending	<u><u>5,888,573.53</u></u>	<u><u>5,645,702.26</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS
UTILITY FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 3,199,651.07	\$ 3,185,619.04
Cash paid to suppliers for goods/services	(1,604,610.19)	(1,566,378.87)
Cash paid to employees for services	(783,911.55)	(737,029.80)
Net Cash Provided by Operating Activities	811,129.33	882,210.37
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Operating transfers in	-	46,691.05
Operating transfers out	(276,095.13)	(193,750.08)
Net Cash Used for Non-Capital Financing Activities	(276,095.13)	(193,750.08)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributed by property owners	7,524.49	3,173.50
Interest received from bond proceeds	17,603.03	23,492.93
Acquisition of capital assets	(103,174.29)	(128,542.66)
Interest paid on bonds	(76,967.17)	(83,807.63)
Principal paid on bond maturities	(251,000.00)	(240,000.00)
Net Cash Used for Capital and Related Financing Activities	(406,013.94)	(425,683.86)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	8,595.36	13,543.02
Purchase/maturities of securities	(556,807.81)	(211,774.93)
Net Cash Used for Investing Activities	(548,212.45)	(198,231.91)

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS (Continued)
UTILITY FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (419,192.19)	\$ 111,235.57
Cash and Cash Equivalents, beginning of year	<u>2,252,379.62</u>	<u>2,141,144.05</u>
Cash and Cash Equivalents, end of year	<u><u>1,833,187.43</u></u>	<u><u>2,252,379.62</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	561,558.39	677,913.36
 Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	255,665.60	255,682.07
(Increase) decrease in assets:		
Inventory	(4,727.01)	1,162.49
Accounts receivable	(80,193.90)	(62,652.77)
Prepaid expenses	894.02	(894.02)
Increase (decrease) in liabilities:		
Accounts payable	33,721.97	4,137.89
Compensated absences payable	28,779.14	(15,476.86)
Customer deposits	<u>15,431.12</u>	<u>22,338.21</u>
Net Cash Provided by Operating Activities	<u><u>811,129.33</u></u>	<u><u>882,210.37</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES
UTILITY FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>ADMINISTRATIVE</u>		
Association dues	\$ 470.00	\$ 125.00
Collection agency fees	2,053.82	712.84
Computer expenses	11,210.64	10,222.19
Office supplies	218.00	1,128.00
Postage	24,325.46	22,625.36
Professional fees	18,603.94	10,753.96
Public relations	759.78	299.95
Total Administrative	57,641.64	45,867.30
 <u>DEPRECIATION</u>		
Depreciation - gas	66,900.54	66,900.54
Depreciation - other equipment	79,946.17	79,968.48
Depreciation - sewer	10,602.48	10,785.46
Depreciation - water	98,216.41	98,027.59
Total Depreciation	255,665.60	255,682.07
 <u>EMPLOYEE AND RELATED EXPENSES</u>		
Employee drug testing	940.68	1,595.84
Insurance	96,080.82	71,854.03
Retirement	64,278.91	44,614.69
Salaries and overtime	639,374.39	585,631.46
Travel and education	3,100.68	9,739.16
Uniforms	8,915.21	8,117.76
Total Employee and Related Expenses	812,690.69	721,552.94

CITY OF BAKER, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES (Continued)
UTILITY FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>OCCUPANCY</u>		
Insurance	\$ 16,966.58	\$ 16,895.02
Rent	30,000.00	30,000.00
Telephone	8,518.89	9,199.74
Utilities	12,757.39	7,576.51
	68,242.86	63,671.27
 <u>PERSONAL SERVICES</u>		
Cathodic protection	663.60	1,975.27
Chlorination of water	13,145.91	9,569.16
Electricity	113,901.35	111,299.00
Equipment rental	3,595.69	518.50
Maintenance and repairs	48,300.16	83,652.95
Maintenance to gas system	15,258.61	9,042.98
Maintenance to sewer system	36,268.73	11,504.52
Maintenance to water system	32,985.81	7,037.71
Purchase and repair of meters	40,926.35	17,354.90
Purchases of gas	1,122,991.03	1,132,454.64
Supplies	32,441.90	25,332.85
Vehicle expense	48,135.53	51,504.18
	1,508,614.67	1,461,246.66
 Total Personal Services	 1,508,614.67	 1,461,246.66
 Total Operating Expenses	 2,702,855.46	 2,548,020.24

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
CEMETERY FUND
JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 50,000.00	\$ 50,000.00
Investments	257,816.86	253,835.96
Inventory	389,341.03	397,229.53
Accounts receivable, net of allowance for doubtful accounts; \$842.58 in 2004 and \$1,554.58 in 2003	16,153.31	6,826.75
Total Current Assets	713,311.20	707,892.24
Restricted Assets:		
Cash and cash equivalents	79,747.66	70,606.41
Property, Plant and Equipment		
Property, plant and equipment, at cost, net of accumulated depreciation of \$202,813.95 in 2004 and \$191,476.97 in 2003	258,641.39	269,978.37
TOTAL ASSETS	1,051,700.25	1,048,477.02
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Payable from current assets:		
Accounts payable	2,218.95	2,515.20
Merchandise payable	39,782.27	40,213.61
Deferred revenue	2,287.00	2,287.00
Total Current Liabilities (Payable from Current Assets)	44,288.22	45,015.81

CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET (Continued)
CEMETERY FUND
JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Payable from restricted assets:		
Merchandise payable	\$ 79,747.66	\$ 70,606.41
Total Current Liabilities (Payable from Restricted Assets)	<u>79,747.66</u>	<u>70,606.41</u>
Total Current Liabilities	124,035.88	115,622.22
Long-Term Liabilities:		
Compensated absences payable	42,136.73	39,385.15
Merchandise payable	448,788.19	463,660.10
Total Long-Term Liabilities	<u>490,924.92</u>	<u>503,045.25</u>
Total Liabilities	614,960.80	618,667.47
Net Assets:		
Invested in capital assets, net of related debt	258,641.39	269,978.37
Restricted for pre-need items	79,747.66	70,606.41
Unrestricted	98,350.40	89,224.77
Total Net Assets	<u>436,739.45</u>	<u>429,809.55</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1,051,700.25</u></u>	<u><u>1,048,477.02</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET ASSETS
CEMETERY FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>OPERATING REVENUES</u>		
Sale of merchandise, net of cost of goods sold of \$45,761.69 in 2004 and \$43,107.20 in 2003	\$ 161,811.28	\$ 151,277.31
<u>OPERATING EXPENSES</u>		
Administrative	11,772.00	6,952.49
Depreciation	11,336.98	15,513.19
Employee and related expenses	110,908.10	114,634.10
Occupancy	7,938.70	5,632.83
Personal services	15,553.15	10,689.13
	157,508.93	153,421.74
Total Operating Expenses		
	4,302.35	(2,144.43)
Operating Income (Loss)		
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest earned	8,540.92	9,849.03
Lease income	3,922.00	3,922.00
	12,462.92	13,771.03
Total Non-Operating Revenues (Expenses)		
	16,765.27	11,626.60
Income Before Operating Transfers		
<u>OPERATING TRANSFERS</u>		
Transfers from General Fund/Capital Improvements	-	6,000.00
Transfers to General Fund	(6,502.87)	(6,909.00)
	(6,502.87)	(909.00)
Total Operating Transfers		

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET ASSETS (Continued)
CEMETERY FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Change in Net Assets \$	10,262.40	\$ 10,717.60
Net Assets, beginning	429,809.55	419,931.95
Adjustment to prior periods	<u>(3,332.50)</u>	<u>(840.00)</u>
Net Assets, ending	<u>436,739.45</u>	<u>429,809.55</u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS
CEMETERY FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 198,246.41	\$ 196,121.22
Cash paid to suppliers for goods/services	(82,927.79)	(67,642.60)
Cash paid to employees for services	(108,156.52)	(107,156.97)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	7,162.10	21,321.65
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Operating transfers in	-	6,000.00
Operating transfers out	(6,502.87)	(6,909.00)
	<hr/>	<hr/>
Net Cash Used for Non-Capital Financing Activities	(6,502.87)	(909.00)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	(6,000.00)
	<hr/>	<hr/>
Net Cash Used for Capital and Related Financing Activities	-	(6,000.00)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	8,540.92	9,849.03
Lease income	3,922.00	3,922.00
Purchase/maturities of securities	(3,980.90)	(22,376.27)
	<hr/>	<hr/>
Net Cash Provided by (Used for) Investing Activities	8,482.02	(8,605.24)
Net Increase in Cash and Cash Equivalents	9,141.25	5,807.41
Cash and Cash Equivalents, beginning of year	<hr/>	<hr/>
	120,606.41	114,799.00
Cash and Cash Equivalents, end of year	<hr/>	<hr/>
	129,747.66	120,606.41

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS (Continued)
CEMETERY FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 4,302.35	\$ (2,144.43)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	11,336.98	15,513.19
(Increase) decrease in assets:		
Inventory	7,888.50	6,490.25
Accounts receivable	(9,326.56)	1,736.71
Increase (decrease) in liabilities:		
Accounts payable	(296.25)	(2,600.15)
Merchandise payable	(9,494.50)	(5,151.05)
Compensated absences payable	2,751.58	7,477.13
Net Cash Provided by Operating Activities	<u>7,162.10</u>	<u>21,321.65</u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES
CEMETERY FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>ADMINISTRATIVE</u>		
Association dues	\$ 1,249.50	\$ 1,022.50
Computer expenses	2,410.00	660.00
Office supplies	5,810.81	3,069.99
Professional fees	2,301.69	2,200.00
Total Administrative	11,772.00	6,952.49
<u>DEPRECIATION</u>		
	11,336.98	15,513.19
<u>EMPLOYEE AND RELATED EXPENSES</u>		
Employee drug testing	144.76	236.52
Insurance	15,627.86	16,115.78
Retirement	9,427.40	7,298.44
Salaries and overtime	85,103.14	89,252.71
Uniforms	604.94	1,730.65
Total Employee and Related Expenses	110,908.10	114,634.10
<u>OCCUPANCY</u>		
Insurance	2,773.00	882.00
Telephone	1,795.41	1,614.36
Utilities	3,370.29	3,136.47
Total Occupancy	7,938.70	5,632.83

CITY OF BAKER, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES (Continued)
CEMETERY FUND
YEARS ENDED JUNE 30, 2004 AND 2003

<u>PERSONAL SERVICES</u>	<u>2004</u>	<u>2003</u>
Bad debt expense	\$ 1,300.00	\$ -
Equipment rentals	200.48	-
Maintenance and repairs	3,439.04	2,986.85
Official journal	537.18	280.08
Trust fees	1,768.91	2,790.46
Vehicle expense	8,307.54	4,631.74
Total Personal Services	<u>15,553.15</u>	<u>10,689.13</u>
Total Operating Expenses	<u><u>157,508.93</u></u>	<u><u>153,421.74</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
CITY PARISH SEWER REVENUE FUND
JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 25,000.00	\$ 25,000.00
Investments	157,276.18	160,182.00
Due from other governmental agencies	7,389.87	5,510.17
Prepaid expenses	7,476.07	5,147.80
Total Current Assets	197,142.12	195,839.97
Property, Plant and Equipment		
Property, plant and equipment, at cost, net of accumulated depreciation of \$4,075.49 in 2004 and \$4,075.49 in 2003	-	-
TOTAL ASSETS	197,142.12	195,839.97
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
	-	-
Long-Term Liabilities:		
Compensated absences payable	5,406.76	3,491.44
Net Assets:		
Unrestricted	191,735.36	192,348.53
TOTAL LIABILITIES AND NET ASSETS	197,142.12	195,839.97

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
CITY PARISH SEWER REVENUE FUND
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<u>OPERATING REVENUES</u>		
City Parish sewer user fees	\$ 62,468.21	\$ 70,351.64
<u>OPERATING EXPENSES</u>		
Administrative	976.69	875.00
Employee and related expenses	46,303.11	34,916.41
Personal services	16,278.66	14,894.51
	63,558.46	50,685.92
Total Operating Expenses		
	(1,090.25)	19,665.72
Operating Income (Loss)		
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest earned	4,511.82	4,189.06
	3,421.57	23,854.78
Income Before Operating Transfers		
<u>OPERATING TRANSFERS</u>		
Transfers to General Fund	(4,034.74)	(4,189.06)
	(613.17)	19,665.72
Change in Net Assets		
Net Assets, beginning	192,348.53	172,682.81
	191,735.36	192,348.53
Net Assets, ending		

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS
CITY PARISH SEWER REVENUE FUND
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 60,588.51	\$ 76,625.37
Cash paid to suppliers for goods/services	(19,583.62)	(16,122.07)
Cash paid to employees for services	(44,387.79)	(34,383.33)
Net Cash Provided by (Used for) Operating Activities	(3,382.90)	26,119.97
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Operating transfers out	(4,034.74)	(4,189.06)
Net Cash Used for Non-Capital Financing Activities	(4,034.74)	(4,189.06)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	4,511.82	4,189.06
Purchase/maturities of securities	2,905.82	(26,119.97)
Net Cash Provided by (Used for) Investing Activities	7,417.64	(21,930.91)
Net Increase in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents, beginning of year	25,000.00	25,000.00
Cash and Cash Equivalents, end of year	25,000.00	25,000.00

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS (Continued)
CITY PARISH SEWER REVENUE FUND
YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,090.25)	\$ 19,665.72
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
(Increase) decrease in assets:		
Accounts receivable	(1,879.70)	6,273.73
Prepaid expenses	(2,328.27)	(92.82)
Increase (decrease) in liabilities:		
Accounts payable	-	(259.74)
Compensated absences payable	1,915.32	533.08
Net Cash Provided by (Used for) Operating Activities	<u>(3,382.90)</u>	<u>26,119.97</u>

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES
CITY PARISH SEWER REVENUE FUND
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<u>ADMINISTRATIVE</u>		
Professional fees	\$ 976.69	\$ 875.00
<u>EMPLOYEE AND RELATED EXPENSES</u>		
Insurance	6,076.44	238.20
Retirement	3,723.87	2,750.11
Salaries and overtime	36,152.80	31,578.10
Uniforms	350.00	350.00
	46,303.11	34,916.41
<u>PERSONAL SERVICES</u>		
Computer expense	562.50	258.98
Postage	12,341.58	12,840.76
Money market fees	477.08	536.54
Supplies	2,897.50	1,258.23
	16,278.66	14,894.51
Total Operating Expenses	63,558.46	50,685.92

The accompanying notes are an integral part of this statement.

SUPPLEMENTAL SCHEDULES AND INFORMATION

**CITY OF BAKER, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
YEAR ENDED JUNE 30, 2004**

<u>Name</u>	<u>Salary</u>	<u>Retirement</u>	<u>Travel and Insurance</u>	<u>Total</u>
Mayor Davis	\$ 62,100.00	\$ 6,831.00	\$ 6,943.00	\$ 75,874.00
Councilpersons:				
Pourciau	8,400.00	643.00	435.00	9,478.00
Russell	8,400.00	122.00	1,493.00	10,015.00
Simpson	8,400.00	643.00	859.00	9,902.00
Vincent	8,400.00	643.00	2,184.00	11,227.00
Walls	8,400.00	643.00	1,352.00	10,395.00
Chief of Police Gautreaux	53,292.00	8,127.00	.00	61,419.00
Judge Plaisance	<u>25,000.00</u>	<u>3,950.00</u>	<u>.00</u>	<u>28,950.00</u>
 Total	 <u>182,392.00</u>	 <u>21,602.00</u>	 <u>13,266.00</u>	 <u>217,260.00</u>

Auto leases for Mayor Davis of \$7,140 and Police Chief Gautreaux of \$7,126 are not included in the expenses above.

Individual membership dues for Mayor Davis of \$350 (La. Chapter of National Conference of Black Mayors) and \$750 (National Conference of Black Mayors) are not included in the expenses above. Individual membership dues for Councilman Vincent of \$100 (National Black Caucus of Local Elected Officials) and \$50 (Louisiana Municipal Black Caucus Association) are also not included in the expenses above.

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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***

November 19, 2004

The Honorable Harold Rideau, Mayor
and the Members of the City Council
City of Baker, Louisiana
P. O. Box 707
Baker, Louisiana 70704-0707

We have audited the financial statements of the City of Baker, Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated November 19, 2004. 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 City of Baker, Louisiana's 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*. However, we noted certain immaterial instances of noncompliance that we have reported to the City of Baker's management in a separate letter dated November 19, 2004.

The Honorable Harold Rideau, Mayor
and the Members of the City Council
November 19, 2004
Page Two

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Baker, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Baker's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2004-01 and 2004-02.

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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to the City of Baker's management in a separate letter dated November 19, 2004.

This report is intended solely for the information and use of management, Baker City Council, Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, the Legislative Auditor distributes this report as a public document.

Sincerely,



John D. Butler & Company
A Professional Accounting Corporation

CITY OF BAKER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

We have audited the financial statements of the City of Baker, Louisiana as of and for the year ended June 30, 2004, and have issued our report thereon dated November 19, 2004. 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. Our audit of the financial statements as of June 30, 2004, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control	Material Weakness	<input type="checkbox"/> Yes
	Reportable Condition	<input type="checkbox"/> Yes
Compliance	Compliance Material to F/S	<input type="checkbox"/> No

2. Federal Awards

N/A

Section II Financial Statement Findings

2004-01. Professional Services

There was at least \$19,821 in professional services paid to individuals without Council approval. In some instances, there was no evidence that the service had actually been performed such as a report.

It has been previously reported that, according to the City's Charter, the Council shall approve all contracts that financially obligate the City. The approval process of invoices should include a follow-up as to the successful completion of a contract prior to the final payment.

We recommend that all contracts be executed only with Council approval. We continue to suggest that a legal opinion be sought in regards to the interpretation of the Charter in regards to the issue of contract approval and execution so that this matter can be finally resolved. We also recommend that the City inquire as to the product for which they paid during the year but did not receive. Further, there should be someone that is responsible to follow up on all contracts.

Continued

CITY OF BAKER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2004

2004-02. *Disregard for Accounting Policies and Procedures*

Some of the policies and procedures adopted by the Council are not being followed thus creating inaccurate and/or incomplete reporting. Such instances, although not all, include monthly reconciliation between subsidiary ledgers and the general ledger (i.e. civic center receivables), improper safeguarding of cash, lack of reporting for fixed asset additions and disposals and lack of year-end physical inventory of fixed assets by some departments. Additionally, there has been no update or subsequent review of the policies and procedures manual to ensure compliance as issues arise such as the personal use of cell phones and City vehicles or use of the internet while at work.

An effective internal control structure can only be achieved if policies and procedures are followed and periodically reviewed and updated.

We recommend that the results of the contract let during the year to update the Accounting Policies and Procedures Manual be requested. We further suggest that all City employees be made aware of the policies and procedures and the importance of following them. They should evidence their receipt of and agreement with the manual by signature kept in their personnel file. It should also be made mandatory that the manual be reviewed and updated annually.

Section III Federal Award Findings and Questioned Costs

N/A

CITY OF BAKER, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2004

Section I Internal Control and Compliance Material to the Financial Statements

<p>01-01 Salaries Paid Outside of Budget Authority Recommendation was (1) to consult with the City's attorney to determine the appropriate salaries to be paid and (2) that future pay plans be approved with a salary range including a minimum and maximum per position.</p>	<p>Resolved; <i>Attorney General's Opinion gives authority to set salaries of appointees; The need to have this in the pay plan has not been addressed but the current administration will abide by the pay plan as presented and adopted</i></p>
<p>01-03 Unauthorized Increase in Mayor's Salary Recommendation was that any unauthorized payments be returned to the City.</p>	<p>Resolved; <i>The current administration has taken this under consideration and will abide by state and local law regarding the Mayor's salary in the future</i></p>
<p>01-06 Personnel Action Forms Recommendation that personnel forms be accompanied with documentation to support the change requested and that a policy be put into place allowing for amicable resolutions to future disputed changes</p>	<p>Resolved; <i>This recommendation was to be considered with the current updating of the Policies & Procedures Manual that is planned by the current administration during the coming year</i></p>
<p>02-03 Payment for Loss of Vehicle Use Recommendation that invoices supporting the rental of a vehicle be provided to Finance Dept. or, if such documentation cannot be provided, that \$379.18 be remitted to the City by Mayor Davis</p>	<p>Resolved; <i>The current administration has taken this under consideration and will follow appropriate procedures in the future</i></p>
<p>02-04 Third-Party Endorsement Recommendation that (1) all supporting documentation related to the repair of the Mayor's vehicle be provided to Finance Dept. and (2) a policy be created that requires all checks written to the City of Baker be deposited into consolidated cash or another appropriate City account</p>	<p>Resolved; <i>The current administration has taken this under consideration and will follow appropriate procedures in the future</i></p>
<p>2003-01 Professional Services Recommendation that all contracts be executed only with Council approval</p>	<p>Resolved; <i>The current administration is requesting Council approval on all contracts prior to execution</i></p>
<p>2003-03 Street Maintenance Projects Recommendation that change orders on public works projects be approved by the Council before the work is performed or the change order executed</p>	<p>Resolved</p>
<p>2003-04 Revenue Tracking Recommendation that a tickler system be implemented for tracking revenues with timely investigations into unexpected results</p>	<p>Resolved</p>
<p>2003-05 Weed Cutting Revenues Recommendation that past services be billed immediately; billings be made timely and liens placed for non-payment after a reasonable period of time for collection</p>	<p>Resolved; <i>The current administration has made plans to address this in the future</i></p>

Continued

CITY OF BAKER, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS (Continued)
YEAR ENDED JUNE 30, 2004

Section II Internal Control and Compliance Material to Federal Awards

N/A

Section III Management Letter

M02-06 Executed Contracts Recommendation that all contracts be executed with Council approval	Resolved; <i>The current administration is requesting Council approval on all contracts prior to execution</i>
M03-01 Investments Recommendation that the investment policy be reviewed and carefully followed in the future	Resolved
M03-02 Travel Documentation Recommendation that payments for travel not be made in advance or hand-carried and that follow-up be made until all necessary supporting documentation has been received	Resolved
M03-03 Actual to Budget Comparison Recommendation that the budget ordinance be followed with adjustments made as required based on new information	Resolved

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2004**

Section I Internal Control and Compliance Material to the Financial Statements

2004-01. Professional Services

"As of July 1, 2004 under a new administration, all professional service contracts have been approved by the Baker City Council prior to being signed by the Mayor. The Mayor or his designee will verify that services have been performed according to the specifications of the contract. All legal work done with contract attorneys will be submitted to the City Attorney for approval to insure that the billing is correct.

I called Melvin L. Davis, Certified Public Accountant, on December 17, 2004 at 8:00 a.m. Mr. Davis came in on the 17th of December 2004 and agreed to turn over to the City of Baker copies of all documents that were produced while under contract.

- Report on limited review of cash receipts of the Utilities Department and Civic Center rental fees.*
- Financial and administrative policies and procedures – public records.*
- Financial and administrative policies and procedures – travel – general policies.*
- Professional services contracts.*

Mr. Davis stated that none of these documents were presented to the Baker City Council for approval. Copies of the documents are attached to my response findings."

2004-02. Disregard for Accounting Policies and Procedures

"Policies and procedures manual on personal cell phones and internet use at work was approved by the City of Baker Council. Both personal cell phones and internet use at work policies and procedures were presented to all employees and each employee signed a copy stating that they read and understood the policies and procedures. We will review and update the manual annually.

Policies and procedures in the Utility Department and Civic Center rental fees will be reviewed and updated to comply with findings from audits. A copy has been attached of the following:

*Legislative Auditor, State of Louisiana
City of Baker Utility Department
Fraud and Abuse Audit
Issued September 15, 2004.*

A draft of the City of Baker vehicle fleet safety and usage policy will be reviewed by department heads and final documents will be presented to the Baker City Council for approval.

We will continue to update the City policies and procedures annually to ensure we are in compliance with state laws. I trust that this response will be satisfactory."

Continued

CITY OF BAKER, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN (Continued)
YEAR ENDED JUNE 30, 2004

Section II Internal Control and Compliance Material to Federal Awards

N/A

Section III Management Letter

M04-01. Travel Authorization

"The Code will be followed in regards to travel regulations."

M04-02. Rates Paid in Excess of Convention Rate

"The current administration has taken this under consideration for formulating policies and procedures related to travel in the future."

M04-03. Prayer Breakfast

"Consideration will be given to accounting functions for the prayer breakfast. There will be a reiteration of the need to make deposits timely and intact."

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MANAGEMENT LETTER

November 19, 2004

The Honorable Harold Rideau, Mayor,
and the Members of the City Council
City of Baker, Louisiana
P. O. Box 707
Baker, Louisiana 70704-0707

We have audited the basic financial statements of the City of Baker, Louisiana as of and for the year ended June 30, 2004, and have issued our report thereon dated November 19, 2004. 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.

As part of our examination, we have also issued our report on internal control and compliance with laws, regulations and contracts, dated November 19, 2004.

During the course of our audit, we noted the following conditions that are or may become potential problems in the areas of internal control over financial reporting or compliance with laws and regulations applicable to the City.

MANAGEMENT POINTS

M04-01. *Travel Authorization*

There was no evidence of Council approval in the minutes of travel by persons representing the City of Baker prior to the travel or notification afterwards as stipulated in the Code.

Sec. 2-322. Prior authorization of travel; means of travel., under Article VI. Finance of the Baker Code, states, "When prior knowledge is available, travel authorization of persons traveling on behalf of the city shall be approved by the council at a regular or special meeting. When prior knowledge is not available, all travel authorization by persons traveling on behalf of the city shall be approved by the mayor with notification and approval by the council at its next regular meeting".

City of Baker, Louisiana
November 19, 2004
Page Two

We recommend that proper authorization be evidenced as stipulated in the Code or a legal interpretation be made as to the appropriate procedures to follow regarding travel.

M04-02. *Rates Paid in Excess of Convention Rate*

In attending the National Conference of Black Mayors, Inc.'s annual convention in Philadelphia, Mayor Davis upgraded his room to a suite at \$313.50 per night. This is \$165.30 greater than the \$148.20 convention rate. The total excess paid for the four nights was \$661.20.

It is our recommendation that this excess be reimbursed to the City or documentation be provided that justifies the need to upgrade to a suite at a rate greater than the convention rate.

M04-03. *Prayer Breakfast*

Collections at the door on June 30, 2003, were not deposited into the bank until October of 2003. Additionally, ticket sales indicated that only 51 tickets were sold, the Mayor took 150 tickets without follow-up as to collection of money or unused tickets and there were more than 51 people in attendance.

Strong internal controls dictate that deposits should be made timely and intact. The opportunities for loss increase as time passes between deposits. It is unlawful for the City to give away its assets such as the case when tickets are given away.

We would like to suggest that the accounting for the prayer breakfast be incorporated into the books of the City to provide greater safeguard of assets and proper accounting, i.e. control over tickets issued and sold. This is a City function and, as such, it should have City oversight.

We offer these recommendations as a means of strengthening the internal control structure of the City and urge management to address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestions or help implement the recommendations.

Sincerely,



John D. Butler & Company
A Professional Accounting Corporation