

Comprehensive Annual Financial Report

For the year ended *June 30, 2005*



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

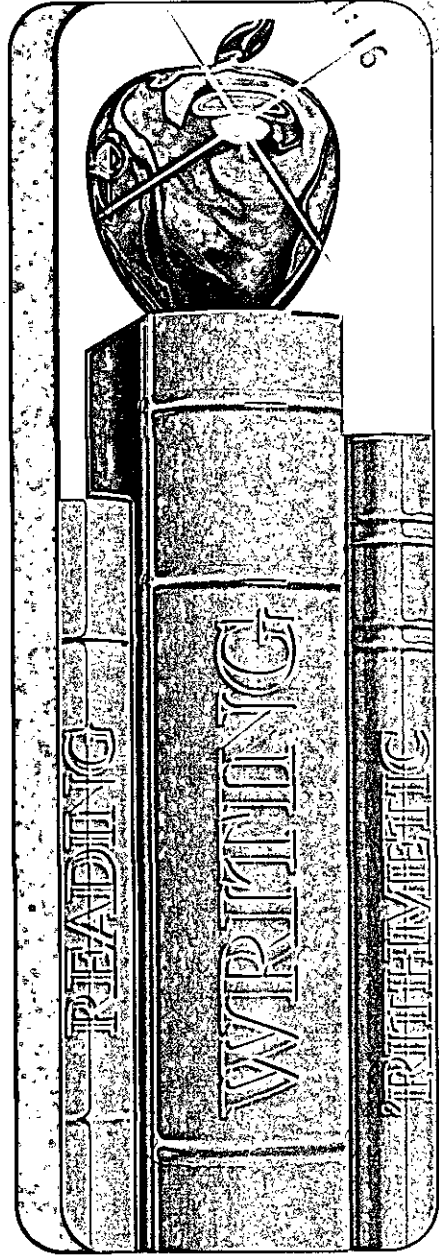
Release Date 2/1/06



East Baton Rouge Parish School System
Baton Rouge • Louisiana



The School System of Choice with High Expectations for All



Comprehensive Annual Financial Report

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Of the
East Baton Rouge Parish School System
Baton Rouge, Louisiana

For the Year Ended June 30, 2005

Prepared by the
Finance and Budget Management Staff

Catherine Fletcher, CPA
Chief Business Operations Officer

James P. Crochet, CPA
Chief Financial Officer



The School System of Choice with High Expectations for All

Comprehensive Annual Financial Report

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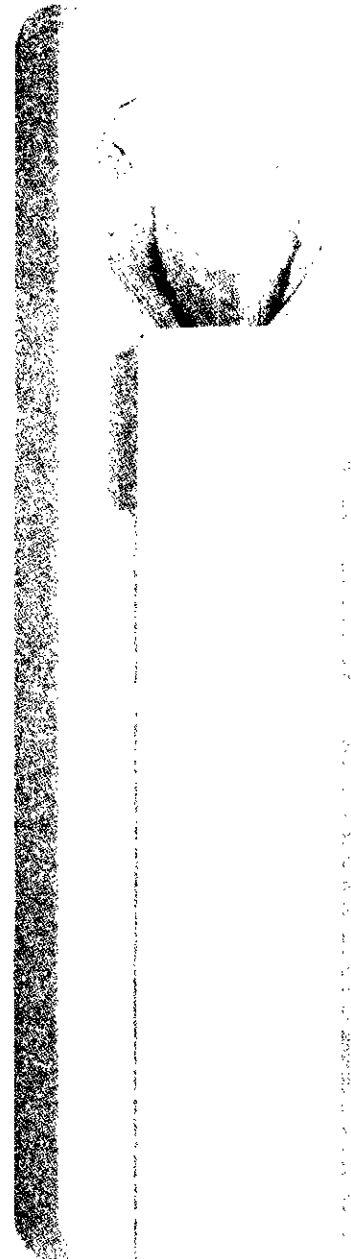
James P. Crochet, CPA
Chief Financial Officer

Comprehensive Annual Financial Report

Introductory Section



The School System of Choice with High Expectations for All



**EAST BATON ROUGE PARISH SCHOOL SYSTEM
BATON ROUGE, LOUISIANA**

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2005

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Quality and Equity

EBR

East Baton Rouge
Parish School System

The East Baton Rouge Parish School System
does not discriminate on
the basis of race, color, national
origin, sex, handicap
or disability

Our Children Are the Reason

Comprehensive Annual Financial Report

East Baton Rouge Parish School System

Board Members

Patricia H. Smith - President
Noel Hammatt - Vice President

William P. "Bill" Black

Dalton "Jay" Devall

Jill Dyason

Cooper Harrell

Ingrid Kelley

Roger Moser

Warren L. Pratt, Jr.

Darryl L. Robertson

Tarvald A. Smith

Dr. Clarence H. Thornton, Jr.

Charlotte D. Placide - Superintendent



The School System of Choice with High Expectations for All

Comprehensive Annual Financial Report

East Baton Rouge Parish School System Administrative Officers

Superintendent of Schools

Charlotte D. Placide

General Counsel

Domoine D. Rutledge

Special Assistant to the Superintendent

Angela Lee

Assistant Superintendent for Accountability and Staff Development

Jennifer Baird

Director of Equal Educational Opportunities

Paula Fabre

Chief Technology Officer

Jesse Noble

Associate Superintendent of Human Resources

Elizabeth Duran-Swinford

Director for Communication and Community Engagement

Michael Watson

Internal Auditor

Kelly Lopez

Chief Academic Officer

Robert Stockwell

Assistant Superintendent for Instructional Services

Area I, Elementary Schools

Margaret Mary ~~Atlantic~~

Assistant Superintendent for Instructional Services

Area II, Middle Schools

Herman Brister

Assistant Superintendent for Instructional Services

Area III, High Schools

Myra Fontenot

Administrative Director of Federal Programs

Richard Capps

Director of Magnet School Programs

Carlos Sam

Director of Special Education

Lee Dixon

Deputy Superintendent for Instructional Services

James Macher

Director for Child Welfare and Attendance

Sherry Cannon

Chief Business Operations Officer

Catherine Fletcher

Chief Financial Officer

James P. Crochet

Assistant Superintendent for Auxiliary Services

Gail Johnson

Administrative Director of Facilities

Robert Cooper

Administrative Director for Transportation

William Talmadge

Director of Procurement and Warehousing Services

Gary Reese

Graphic Arts Supervisor

Bobbie Devall



The School System of Choice with High Expectations for All



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P.O. BOX 2950, BATON ROUGE, LOUISIANA 70821-2950
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EBRSCHOOLS.ORG

November, 17 2005

President and Members
East Baton Rouge Parish School Board

Dear Board Members:

The Comprehensive Annual Financial Report of the East Baton Rouge Parish School System for the fiscal year ended June 30, 2005, is presented herewith. This financial report represents a comprehensive portrait of the School System's financial condition. It is structured in such a manner as to make it a very useful management instrument as well as an informative public document.

The Comprehensive Annual Financial Report, along with internal audit activities and other budgetary reports, combine to provide for an effective internal fiscal management control system. This combination of accounting and financial reporting serves the purpose of satisfying our responsibility to provide the public with complete and accurate financial data.

The fiscal year 2004 Comprehensive Annual Financial Report received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association and the Certificate of Excellence in Financial Reporting from the Association of School Business Officials. This was the nineteenth consecutive year that the School Board received both of these prestigious awards.

The staff of the Operations and Budget Management, Finance, and Graphic Arts Departments are to be commended for the attainment of such high standards for their financial reporting and their efforts in the preparation of this report on a timely basis. In addition, Postlethwaite & Netterville, our independent auditors, are to be commended for the professional, thorough, and timely manner in which the audit was conducted.

Respectfully submitted,

A handwritten signature in cursive script, which appears to read 'Charlotte D. Placide'.

Charlotte D. Placide, MPA, RSBA, CGFO
Superintendent





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P.O. BOX 2950, BATON ROUGE, LOUISIANA 70821-2950
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EBRSCHOOLS.ORG

November 17, 2005

President and Members
East Baton Rouge Parish School Board

Residents of East Baton Rouge Parish:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the East Baton Rouge Parish School System (School System), for the fiscal year ended June 30, 2005. This report provides full disclosure of the financial operations of the School System for the fiscal year ended June 30, 2005. This CAFR, which has been audited by Postlethwaite & Netterville, APAC, a firm of licensed certified public accountants, conforms to Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the School Board and management of the School Board. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of various funds and account groups of the School System. All disclosures necessary to enable the reader to gain an understanding of the School System's financial activities have been included.

The Reporting Model

The School Board and management adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments for the fiscal year ended June 30, 2001*. This reporting model is designed to make the annual financial report easier for the public to understand and improve operational accountability with the introduction of district-wide financial statements compared to the previous reporting model which was based on fund and fund types. GASB No. 34 creates new basic financial statements for reporting on the School System's financial activities as follows:

Government-wide financial statements consist of a statement of net assets and a statement of activities. These statements are prepared on an accrual basis of accounting for all activities of the district, which is similar to the basis of accounting and financial reporting followed by the private sector. The government-wide statements distinguish between the governmental and business-type activities of the School System.

Fund financial statements present information for individual major governmental and enterprise funds rather than by fund type. Non-major funds are presented in total in one column.

Notes to the financial statements provide additional information that is essential to a user's understanding of the basic financial statements. Notes contain information that are not a part of the financial statements; however, notes are an integral part of the statements.

Required Supplementary Information (RSI) consists of statements that present comparisons of actual information to the legally adopted budget. Management's Discussion and Analysis (MD&A) is also a part of the RSI and is intended to provide an objective, easy to understand narrative overview and analysis of the basic financial statements. It explains the financial position and results of operations of the School System for the past fiscal year. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A is located immediately following the report of the independent auditors.

Copies of this CAFR will be made available to the Chamber of Commerce, major taxpayers, the public library, and other interested parties.

CAFR Sections

The CAFR is presented in three sections: Introductory, Financial and Statistical Sections. The Introductory Section includes the table of contents, recognition of East Baton Rouge Parish School Board (School Board) members, a list of administrative officials, the transmittal letter, reproductions of the prior year's certificates of excellence in financial reporting, and the School System's organizational charts. The Financial Section includes the MD&A, the Basic Financial Statements including Notes to the Financial Statements, required supplemental information, the combining and individual fund financial statements that provide detailed information to the Basic Financial Statements, and the Independent Auditors' Report on the basic financial statements. The Statistical Section includes selected comparative financial, non-financial, demographic and economic information of the School System.

The School Board is also required to undergo an annual single audit in conformity with the provisions of Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including the schedule of federal financial assistance, and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations, is included in a separate single audit report and is available at the School Board office for inspection.

Reporting Entity

This report includes all funds and account groups of the School System. The School System is a political subdivision of the State of Louisiana created under the Constitution of Louisiana. It has the power to sue and be sued and to make rules and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the State Board of Elementary and Secondary Education (BESE). It is the responsibility of the School Board to make public education available to the residents of East Baton Rouge Parish.

The elected Board is chosen from twelve single-member districts with each member serving a concurrent four-year term. The School Board is authorized to formulate policy, to establish public schools as it deems necessary, to provide adequate school facilities for the children of East Baton Rouge Parish, to determine the number of teachers to be employed and to determine their salaries. Additionally, the School Board selects the Superintendent of Schools to serve as the School System's chief executive officer.

The public is invited to attend regular meetings of the School Board which are held the third Thursday of each month at 5:00 p.m. in the Board Room of the School System's Central Office, 1050 South Foster Drive. Meetings are televised live on Cox Cable Channel 21 and replayed at various times during the following weeks.

The School System provides a full range of public education services at all grade levels ranging from pre-kindergarten through grade twelve to approximately 45,266 students. Total enrollment includes students participating in pre-kindergarten programs, regular and enriched academic education, alternative education, exceptional student services education for the handicapped to age twenty-two, career and technical education and three Charter Schools (two elementary and one middle). In addition, the School System serves approximately 5,000 adult education students annually and employs approximately 6,000 persons. Services provided to students include instructional staff, instructional materials, instructional facilities, administrative support, business services, food services, system operations, facility maintenance, and bus transportation.

The goal of the School Board is to become an exemplary pre-kindergarten through 12th (PK-12) school system, with rigorous teaching and learning, where ALL students and adults meet high expectations.

The vision of the School Board is a high-achieving performance-based system advancing scholarship and the lifelong development of students consistent with their needs, interests and abilities, while strengthening the economic, social and cultural life of a diverse community and operating at the highest levels of ethical and professional behavior.

ECONOMIC CONDITION AND OUTLOOK

The School System is located in Baton Rouge, Louisiana, in the southeastern section of the State, along the Mississippi River. In addition to being the second largest city in the State, Baton Rouge is also the capital of Louisiana and the principal home of two major state universities: Southern University (SU) and Louisiana State University (LSU).

The Baton Rouge Community College (BRCC), a two-year institution of higher education, opened in the Fall of 1998 and is one of America's fastest-growing campuses. When classes began at BRCC in 1998, the enrollment was just under 1,900 students. Currently, there are approximately 7,000 students with a conservative estimated projected enrollment of 9,000 students upon the completion of the BRCC's building program in 2006. The community college system builds a system of higher education that is more affordable for young people and provides opportunities for training and certification in a number of skills. BRCC is jointly under the control, supervision, and management of the Board of Supervisors of Southern University and Louisiana State University.

Baton Rouge is the home of one of the largest oil refining and petrochemical centers in the nation and is the hub of the industrial region that stretches eighty miles to New Orleans. Located 230 river miles (434 kilometers) above the mouth of the Mississippi River, with a 45-foot channel, Baton Rouge is the furthest inland deepwater port on the Gulf of Mexico via the Mississippi River. The expanding Port of Greater Baton Rouge ranks tenth among the major ports of the nation. The Greater Baton Rouge area is designated as a U.S. Customs Port of Entry and with a position of 230 river miles from the Gulf. The Port of Greater Baton Rouge is a strategic gateway for the handling of international and domestic commerce.

Baton Rouge is the home for several high-technology research facilities such as Louisiana State University's C. B. Pennington Biomedical Research Center and its Center for Advanced Microstructure and Devices. Opened in 1988, the Pennington Center now houses 14 research laboratories, 17 core service laboratories, inpatient and outpatient clinics, a research kitchen, an administrative area, and more than \$20 million in technologically advanced equipment. More than 70 faculty members and over 425 physicians, scientists, and support personnel focus their research efforts on four key areas: functional foods, obesity, nutrition and chronic diseases, and health and performance enhancement. *Facilities such as these will continue to boost the local economy.*

During the new century, the Baton Rouge community recognizes that it must position itself to capitalize upon the growing tourism and convention industry. In order to do this effectively a \$31.8 million expansion and upgrade has given the Centroplex a new look and a new name. The Baton Rouge River Center officially opened its doors December 9, 2004 with a 160,000-square-foot expansion that more than doubles the size of the Centroplex. And while the Centroplex's arena was only 30,000 square feet, the River Center's Exhibition Hall totals 70,000 square feet that figures to be a major draw for conventions. In January 2005, the American Bowling Congress converted the new Exhibition Hall into a temporary 48-lane, state of the art bowling area for a six-month tournament that had approximately 65,000 bowlers. It is estimated this has resulted in more than 30,000 room nights at local hotels and motels. Other groups that have had meetings at the renovated facility are the Louisiana Municipal Association Annual Convention, the International Police Mountain Bike Association, Mary Kay Inc., and the Gulf Coast Safety and Security 2005 Conference and Trade Show.

The Shaw Center for the Arts opened in March 2005 at a cost of \$65 million. This new center features the 325-seat Manship Theatre; two black-box theaters for dance, music and performing arts; the LSU Museum of Art; LSU's Laboratory for Creative Arts and Technology; the LSU School of Art's gallery; the Arts Council of Greater Baton Rouge, the Brunner Gallery of contemporary art, gift shop, and restaurant.

In October 2005, East Baton Rouge Parish voters approved a property tax renewal to fund operating and construction expenses for the parish's library system. The largest portion of the tax - 90 percent - will be used for operating expenses for the entire parish library system, which includes purchasing books and computers, paying staff and operating the bookmobile. The other 10 percent goes toward construction of new libraries.

East Baton Rouge Parish consumer and business spending increased by nearly 6.7% during the first half of 2005, due to an improving economy and increased construction activity. More than \$3.1 billion was spent in the parish during the first half of the year, compared with \$2.9 billion through June 30, 2004 of the prior year. The spending figures are calculated from a 2 percent tax that the City Parish collects on sales, which do not include often-volatile vehicle sales. In a recent article, a local economist indicated the following, *"The increased activity is in line with the 7.2 percent national increase in retail sales. The growth outstripped the sluggish sales reported in the parish during the first half of 2004, when spending was 1.3 percent over the previous year."*

Actual sales tax collections through June 2005 were finalized and received from the City Parish in August 2005. Actual collections improved notably for the fiscal year ended June 30, 2005. Actual collections parish wide indicate an increase over prior year's collections of approximately 4.4% compared to 1.01% for the prior year. Sales tax collections represent a major component or 31% of general operating revenue for the District. The local economy reflected a slight loss in 2004 in non-farm employment when compared to a year ago. The unemployment rate for the Baton Rouge area for June 2005 was 6.7% compared to 7.4% for June 2004.

Several years ago, the Louisiana Legislature approved a revision to the State Minimum Foundation Program (MFP) for elementary and secondary education that has and will continue to greatly impact the School System. This MFP formula establishes a standard of local support for each school system based on the State average local support relative to the system's capacity to raise local funds. The formula provides that no school system will receive less State funds than the MFP formula provided to them in 1991-1992 unless there is a decline in student enrollment.

Student enrollment had declined by approximately 15,821 since 1994; however, approximately 5,856 of this decrease is attributable to the Baker and Zachary separations. This decline in student enrollment has resulted in State funding to the School System being reduced by millions of dollars. Student enrollment appears to have stabilized for the year ended June 30, 2005 as compared to June 30, 2004 with an increase of approximately 200 students prior to the impact of displaced Hurricane Katrina and Rita students.

Prior to 2002, the formula provided no additional revenues to the School System even in a year of student enrollment growth. A "hold-harmless" clause was in the formula to provide assurance that the School System would not lose an estimated \$30 million. The Legislature had designated limited increases in State funding in recent years to approximately eleven districts with a "hold harmless" clause. The increases to those districts were designated for the purpose of increasing teacher compensation in conjunction with a move by the Legislature and the Governor to improve teacher compensation statewide. The "hold harmless" designation was modified by the Legislature for the 2001-2002 fiscal year and replaced with a designation of "over funded". The "hold harmless" distinction in Level 1 (local wealth) and Level 2 (local effort) of the MFP formula was replaced by an "over funded" designation in Level 3 of the formula. As a result, the School System has a not to exceed amount of approximately \$30.2 million or \$567 per student, with equal participation in Levels 1 and 2.

Hurricane Katrina, one of the most powerful hurricanes in U.S. history, made landfall approximately 80 miles east of Baton Rouge in Buras, Louisiana in August 2005. Heavy rains, high winds and falling trees from Hurricane Katrina cut power to nearly 100,000 households in East Baton Rouge Parish. However, the greater New Orleans area was devastated with thousands of households and businesses flooded from a breach in the levy system. Hurricane Rita made landfall in the western part of Louisiana and caused additional flooding in the New Orleans area with the already compromised levy system, as well as, flooding in the more rural western part of the state. The impact to the Louisiana economy will be overwhelming. As of October 2005, the District has registered an additional 5,885 displaced students primarily resulting from Hurricane Katrina. Currently, the District does not know how much state and federal funding will be received to offset the additional operating costs that are being incurred to transport, feed and educate these students.

The General Fund Budget has sustained substantial cuts to programs and extensive employee reductions as a result of declining student enrollment and State funding, and flat sales tax collections in recent years. While expenditure reductions are not currently recommended for the 2005-2006 fiscal year, expenditures will continue to be closely monitored especially given the extraordinary circumstances related to Hurricanes Katrina and Rita.

MAJOR INITIATIVES

Current Year - During the year, the School System continued its efforts to improve student performance and community support through various programs.

Strategic Plan

The School System realized the need to develop and adopt a Strategic Plan, which would provide clear guidance and expectations for staff, students, the community, and Board members. Numerous community forums were held for public input on the design of the Strategic Plan. The Stupski Foundation, which organized the forums, compiled information from the forums, and the data were utilized by Board members and staff at a School Board retreat. The Strategic Plan's goal and objectives were adopted by the Board in June 2005 as follows:

Goal:

To become an exemplary pre-kindergarten through 12th grade (PK-12) school system, with rigorous teaching and learning, where ALL students and adults meet high expectations.

Objectives:

1. Increase student achievement.
2. Promote a safe, caring, and service oriented district culture.
3. *Improve communications and expand community engagement.*

Tax Plan Progress

All projects in the first five year phase of the 1998 One-Cent Sales Tax Plan were completed in the 2004-2005 fiscal year at a total cost of \$168.5 million. All projects were completed on time and within budget constraints.

New School Openings

Construction of the new Capitol Middle School was completed in July 2004 and opened on schedule in August 2004.

Tax Plan Continuation

In May 2003, the community continued to support the School System by voting to continue the five year one-cent sales tax. The continuation was again in the form of three propositions, mirroring the form it took in 1998 with collections to begin April 1, 2004 and continue through 2010. Proposition 1 calls for the construction of seven new schools (4 new, 3 rebuilt), major renovations at another four (3 high schools, 1 middle) and much needed repairs at another forty (7 high schools, 9 middle schools, 24 elementary schools). Both the new and renovated schools will provide appropriate educational spaces that are more conducive to teaching and learning, provide adequate special program and laboratory facilities, improve safety and security, and increase technology implementation and accessibility.

Propositions 2 and 3 will fund the continuation of discipline programs and employee compensation at current levels. A community Oversight Committee continues to ensure that the money approved by the voters is spent appropriately.

Major Projects

- Major renovations to Scotlandville High were completed in August 2005.
- Classroom additions at Forest Heights Academy of Excellence and Westdale Heights Dedicated Academic Magnet Elementary Schools were completed in August 2005.
- Classroom renovation projects at Capitol High, Sherwood Middle and Westdale Middle Schools were completed and ready for students, faculty, and staff in August 2005.
- Demolition of the closed Istrouma Middle School is proceeding.

- Construction of the new McKinley Middle Magnet School is underway. The project is on schedule for opening in August 2006.
- Construction of the new Woodlawn Middle School is in progress and is on schedule for opening in August 2006.

Stupski Foundation

The School System has partnered with the Stupski Foundation in an effort to improve the overall performance of the School System. In October 2003, the School System received an invitation from the Stupski Foundation to attend a work session in a joint partnership which would provide expert and financial resources to the School System. Based in Mill Valley, California, the Stupski Foundation has worked with other high poverty, urban school systems similar to East Baton Rouge Parish (EBR). Believing EBR has a leadership team and a school board committed to doing what it takes to improve the School System, Stupski has begun lending its expertise and support in the form of not only dollars, but also human capacity. With the Stupski teams' guidance, the School System has begun assessing students more frequently, so future instruction focuses on students' weaknesses proactively.

Established in 1996 as a non-profit operating foundation, the Stupski Foundation believes that its most effective contribution to education reform is through support at the district level, providing expert resources and financial investment in district partnerships. Resource teams include former superintendents, educational leaders, and consultants who have led successful district reform initiatives, as well as organization development, data analysis, and systems experts.

The core belief of the Stupski Foundation is that all children can learn and achieve high academic standards, regardless of race or income. Success depends on creating an equitable, system-wide, results-oriented culture that embraces change, driven at the public school district level. Selected partner districts must demonstrate evidence of readiness and capacity to improve performance, including the leadership of the Superintendent and School Board with an impassioned will to do this work. The Stupski Foundation acts as a trusted advisor, coach and investor to help create a culture for systems change through a courageous and honest collaboration and a shared commitment to reform.

Innovative Program Brings Community Leaders into Classrooms

Teach Baton Rouge, the district's alternative certification program, is in its fifth year of operation. The program aims to attract high-quality professionals to a career of teaching. Selection for the program is highly competitive. In the first year, only one out of ten applicants was selected. This year less than 15% of the applicants began the program. All participants are "highly qualified" using current No Child Left Behind (NCLB) definitions before they enter the classroom as teachers. The program has been responsible for bringing over 100 new teachers into the classroom – of the current eighty-six Teach Baton Rouge members, thirteen began the program in 2001, twelve in 2002, twenty-five in 2003, fourteen in 2004, and twenty-two began teaching in 2005. Program members teach in critical shortage areas such as special education, math, science, and middle school. All program members participate in a certification program that leads to full certification within eighteen months.

Teach Baton Rouge helps to build a more diverse teaching force – the recruiting efforts target males, African-Americans, and persons with math/science backgrounds. Teach Baton Rouge members enjoy success in the classroom. Several Teach Baton Rouge teachers have been selected as "Teacher of the Year" for their schools and have been given leadership roles within their individual school sites. In addition, several Teach Baton Rouge teachers were selected as Academic Distinction Fund (ADF) fellows. Teach Baton Rouge teachers work in our hardest to staff schools. Here they are paired with their colleagues from Teach for America, the national teacher corps that has placed over 340 teachers in East Baton Rouge Parish Schools since 1990.

16 EBR Schools Receive \$173,599 in Awards

As part of the State's Academic Accountability Program, sixteen schools received monetary rewards. Schools that received growth labels of "Recognized Academic Growth" (met or exceeded its growth target by less than 5 points) or "Exemplary Academic Growth" (exceeded its growth target by more than 5 points) were awarded \$173,599. These awards ranged from \$2,000 to \$18,231 and can be used at the discretion of the school for any allowable expenditure other than salaries, bonuses, or construction.

Test Scores and Awards

This year the system saw an increase on the Iowa Tests scores at grades 5 and 7, and there was no change at grades 3, 6, and 9. The district reported improvements on the LEAP 21 in English and mathematics at grade 4 and decreases in English and mathematics at grade 8. At the high school level, a slight gain was reported for the English portion of the Graduation Exit Exam, with no change or slight decline in the other core subjects. The American College Test (ACT) average score for the district decreased from 19.7 to 19.4 and the score for African American students remained the same at 17.6. This subgroup continues to outperform the state and nation's subgroups. The School System had 23 National Merit Semifinalists and 10 National Achievement Semifinalists.

Educational Programs/Awards

Educational choice through magnet programs has resulted in approximately 21 magnet, gifted and talented programs being developed and implemented throughout the District. Magnet programs create exciting learning experiences and promote student achievement. They attract students based on their learning needs, skills and special interests. Enhanced instructional and magnet programs such as Montessori, Visual and Performing Arts, Architectural Design, Medicine, Extended Day, Pre-Kindergarten, Medical/Health, Engineering, Computer Science and Technology, Communication, Math/Science, Foreign Language, and Environmental Science are just a few of the instructional programs being offered at various levels throughout the School System.

The Junior Reserve Officer Training Corp (JROTC) is currently offered in eight high schools. The main goal of the program is to develop leaders and responsible citizens through a combination of academic and physical activities. JROTC is designed to teach citizenship and leadership, while instilling self-esteem, teamwork, and self-discipline in high school students. The focus of JROTC is reflected in its mission statement, "To Motivate Young People to be Better Citizens". JROTC promotes and encourages service to the community, promotes high school completion, and provides incentives to live drug free. The driving philosophy and vision behind this program is to produce successful students and productive adults. Since participation in this program makes cadets fully aware of the opportunities and benefits derived from their American heritage, the JROTC program makes substantial contributions to the community and ultimately the nation's future. Uniforms and textbooks are furnished at no expense to the students, and there is no obligation to enter military service.

The School System's enrollment in Career and Technical Education (formerly vocational education) includes approximately 11,500 high school students and 3,500 middle school students. A variety of innovative programs prepare students for productive citizenship and life-long learning, and are designed to assist all students in making a successful transition from school to the workplace, or postsecondary education. Some funding for career and technical programs is obtained through the Carl Perkins III Applied Technology Act of 1998. The Basic Grant and Tech Prep initiatives resulted in funding of approximately \$750,000 for fiscal year 2004-05. The goals of this department are accomplished by providing students with assistance in career development activities, development of five year career plans, purposeful course selection that develops both academic and technical skills, development of employability skills, and providing opportunities for post secondary education and/or immediate entry into the workforce.

The School System continues to expand opportunities of pre-school programs. Pre-K students are provided transportation to a number of sites for six hours of instruction daily along with before and after school care. Our quality pre-school environments provide small pupil-teacher ratios, certified teachers and a curriculum based on the National Association for the Education of Young Children standards of developmentally appropriate practices.

A range of services is offered based on the mentally and/or physically disabled child. Exceptional students can be placed in the following: the regular classroom with extra support available, the resource classroom, or the self-contained classroom. Several Alternative Schools and programs are also offered to help meet the needs of the non-traditional learner such as the following: The Academy for Diverse Learners, Staring Education Center for over-aged middle school students, Mohican Preparatory Academy for over-aged middle school students, Northdale Academy for high school drop out prevention, Valley Park Alternative Center and Juvenile Continuing Education Program for middle and high school students expelled from the traditional school, and Adult Education centers across the parish.

Baton Rouge Magnet High School won a merit award from the Magnet Schools of America as a "school of distinction." The awards are designed to promote excellence in magnet schools across the country. This distinction comes on top of Baton Rouge Magnet High being named a "Blue Ribbon" national school of distinction last year by the U.S. Department of Education. This year the school's music students won a trip to perform at the Kennedy Center for the Performing Arts in Washington, D.C., one of five schools in the nation to earn this honor. Last year, the magnet school association recognized 40 schools as "schools of distinction." Another 12 schools were honored as "schools of excellence."

High Schools in the School System are providing our young people with curriculum opportunities: 1) to pursue college degrees at the nation's finest colleges and universities; 2) to pursue college degrees after attending community colleges; 3) to pursue associate degrees at Technical colleges; 4) to pursue employment; and 5) to pursue opportunities in different branches of the United States Military. During the 2004-2005 school year, many School System high school students participated in the pre-college academy dual enrollment pilot program at Baton Rouge Community College and earned credit toward college degrees, while earning Carnegie Units toward a high school diploma at the same time. The School System works with other educational institutions in an effort to provide our students with a seamless array of services.

Volunteers in Public Schools (VIPS)

Volunteers In Public Schools (VIPS) for 2004-2005 reported a great year in terms of volunteer support for EBR Schools. EBR public schools recorded a total of 179,910 hours of volunteer service to benefit students and faculty. The Independent Sector in Washington D.C. sets an hourly value of volunteer time each year. The volunteer hour is currently valued at \$17.55 resulting in the monetary investment of \$3,157,413 in EBR Schools. This figure equates to 100 teachers (at a base salary of \$31,325) or 314 teacher aides (9-month employee at a base salary of \$10,042). Compared to VIPS' 2003-2004 Volunteer Hours Report, this year's volunteer hours reflect a 36.9% increase. VIPS attributes this marked growth to an actual increase in the number of school volunteers and a greater number of schools tracking and submitting their monthly volunteer hours.

VIPS continues to serve the School System by providing volunteer management trainings to school volunteer coordinators throughout the school year. The organization's EveryBody Reads program that pairs second and third graders reading below grade level with a volunteer Reading Friend continues to grow and make a difference. Last school year, VIPS EveryBody Reads program served 325 children at 15 EBR public schools.

VIPS continues to work closely with The Chamber of Greater Baton Rouge to strengthen community partnerships with public schools, focusing on businesses and faith-based organizations.

Child Nutrition Program

The goal of the School System's Child Nutrition Program is to serve healthy, nutritious, appetizing and affordable meals to students. The administration believes that good nutrition is a key to learning and that every child has the right to a healthy nutritious breakfast and lunch at the lowest possible price. The department provides an extensive selection of nutritious meals at all schools. The Food Service Department provides 67,000 meals daily, including breakfast, lunch and snacks. Through a U.S. Department of Agriculture (USDA) Breakfast Grant, the Child Nutrition Program is able to offer a free breakfast to all students. Lunches are \$1.30 (elementary) and \$1.50 (middle or high). Free or reduced-price meals are available to qualified students.

School meals in East Baton Rouge Parish are planned in the central Child Nutrition Program office by a committee comprised of nine supervisory staff, each having specific training in the field of Dietetics/Nutrition. Menus are planned including the health food preferences most preferred by the students in the parish in an effort to encourage students to eat nutritious meals. The USDA, the Louisiana State Department of Education, Division of Nutrition Assistance, the School System and administration provide guidelines for the Child Nutrition Program.

Dr. Nadine Mann, RD, LDN, Director of Operations for School System's Child Nutrition Program, was chosen to receive the American Dietetic Association's Judy Ford Stokes Award for Innovation Practices in Administrative Dietetics for her project, *Scanned Free Lunch Application Revolutionized Procedures for Federal/State Audits by Enabling the Off-site Review of Images*. Dr. Mann utilized electronic imaging technology to radically reduce the hours required for auditing the United States Department of Agriculture's National School Lunch Program (NSLP) meal benefit applications. Congratulations to Dr. Nadine Mann for employing technology to enable better resource allocation. Instead of expending 540 district labor hours for manual form sorting, only eight (8) hours were required once a computer had organized and retrieved the scanned application images.

Transportation Department

During the 2004-2005 school year, the School System transported 41,598 students a total of 4.8 million miles. With a total of 600 buses, the Transportation Department travels about 26,600 miles daily. Free service is provided to all students living more than one mile from school. A committee with representation from the community, administration, private and parochial schools, and city transit was formed to study options available to reduce the cost of transportation.

Charter School Demonstration Programs

During the 1995 Louisiana Legislative Session, the Legislature passed Senate Bill 1305 (Act 192 of 1995) which established a Charter School Demonstration (pilot) program and gives parents, teachers, and citizens an opportunity to create independent public schools. The School Board received Board of Elementary and Secondary Education approval to be one of the eight demonstration districts and began operation of three charter schools in the fall of 1997. The School Board approved two elementary and one middle charter school. The three charter schools began operation in the fall of 1997, each with approximately 54 students. Enrollment has more than doubled in each school since they opened. Student enrollment increases have been approved by the School Board allowing for enrollment (with funding) in grades K-5 at the elementary schools of up to 120 students and 130 students for the middle school. The School Board previously approved an annual increase of 20 students for one of the elementary schools and recently approved an increase of 15 students for the middle school. The total General Fund appropriation to the charter schools for the 2004-2005 fiscal year was \$2.6 million.

Facilities Management Partnership Contract

Approximately five years ago, following extensive investigation and research, the School System developed a partnership arrangement with ServiceMaster to provide management services for some aspects of physical plant services, facilities, maintenance, and grounds. Subsequently, ServiceMaster was acquired by ARAMARK. The contract was amended slightly and the School System continued basically the same partnership with ARAMARK. On March 1, 2004, the School Board negotiated a five-year partnership arrangement with ARAMARK, with a five-year renewal option, to provide total Facilities Management Services in the following areas: maintenance, custodial, grounds, materials management/warehousing, and workforce management.

The contract will make a number of staffing, procedural, and work flow changes, changes to delivery and procurement systems aimed at improving service to the School System, while capitalizing on efficiencies gained through the application of ARAMARK'S world-wide services and experience. The School System will gain reduced operational costs, predictable labor costs, rapid staffing adjustments, and renewed focus on core business functions. Conservatively, the system will reduce annual operating costs by \$5.0 million dollars when tracked against current expenditures. The School System gained a significant, one-time, flow of cash through the sale of vehicles, tools, and equipment. Additionally, the district received \$5.0 million dollars from ARAMARK to assist in deferring the cost associated with the transition.

School System Desegregation Case Ends

On August 14, 2003, U.S. District Judge James Brady signed an order ending the 47-year old East Baton Rouge Parish School Desegregation Case, one of the longest running school desegregation cases in the nation. Judge Brady approved the final settlement agreement, which was signed by all parties in the case. Those parties were the School Board, the Baton Rouge branch of the National Association for the Advancement of Colored People (NAACP), the original plaintiffs (37 original plaintiffs – children from 14 local families) and the U.S. Justice Department.

The settlement ends the case, but it requires the School System to continue many desegregation tools for four years. The settlement allows more students to attend neighborhood schools, creates more magnet programs, and allows more students to transfer to the schools of their choosing. According to the settlement, schools will still have enrollment limits, but the enrollment caps are higher at a few schools. Temporary buildings will still be used, but most must be taken out of service. Predominantly black schools will continue to receive extra teachers and money and will operate pre-kindergarten, extended-day, and extended-year programs. Judge Brady said now that the case is over, Baton Rouge residents should focus on making the School System one that the community can be proud of.

Separation of City of Baker and Zachary Community School Systems

Effective with the 2003-2004 school year, the School System began the year much smaller than it has in decades. The cities of Baker and Zachary began the school year as their own school districts, running nine (9) schools with about 5,380 students that were previously a part of the School System. The separation of Baker and Zachary required years of effort and litigation, and resulted in a need for expenditure reductions in the School System as a result of the adverse financial impact of approximately \$10.7 million associated with the separation. Enrollment of approximately 51,000 students for the 2002-2003 school year reduced to about 45,000 students for the 2003-2004 school year. The parish payroll was reduced from about 7,115 employees to about 6,000 employees.

Expenditure Reductions

Approximately \$11.4 million of General Fund expenditure reductions were implemented in 2004-2005. These reductions were necessary to establish a fund balance to cover excess expenditures over revenues resulting from rising health care costs, increased retirement costs, and previous years' declining student enrollment which has resulted in a subsequent reduction in State funding. Expenditure reductions are not currently anticipated for the 2005-2006 fiscal year, but will continue to be closely monitored especially given the extraordinary circumstances related to Hurricanes Katrina and Rita.

Milken Family Foundation

The Milken Family Foundation created the Teacher Advancement Program (TAP), which is a comprehensive, research-based school reform model that is intended to attract, retain, and motivate high quality teachers to America's schools. TAP is currently being implemented at Cedarcrest-Southmoor Elementary and Crestworth Middle School, two of the five schools in Louisiana being used as demonstration sites for the TAP program. The program provides teachers with technical support, training, certification, program reviews, and evaluation services. Master and mentor teachers at each site lead teachers through extensive job-embedded professional development and work study groups. Teachers in TAP schools receive a salary supplement if student academic performance meets the goals set by the school.

EBR/LSU Partnership Schools

Through the LSU Partnership Program, Highland Elementary and McKinley Middle Magnet are special "professional development" schools for LSU students enrolled in the University's Teacher Education Program. School System teachers serve as mentors for LSU teacher candidates during a variety of pre-student teaching field experiences as well as during student teaching. At least one LSU faculty member works on a full-time basis at each of the two schools. This individual designs a credit-or CLU-bearing program specifically for each school's faculty, who have committed to ongoing professional development. An EBR teacher, selected by the school principal, facilitates the partnership and coordinates assistance from various units on the LSU campus. Each school maintains a partnership advisory board composed of teachers, administrators, and LSU personnel.

The McKinley Middle Magnet partnership with LSU is beginning its third year, while the Highland partnership is entering its fourth year. At McKinley Middle, teacher interns from the Holmes Program in the Department of Curriculum & Instruction are placed with mentor teachers in selected classrooms. These future teachers assist in classrooms by preparing, planning, and teaching lessons of their own, working individually and in small groups with students, and facilitating higher order thinking projects. In addition, undergraduate courses for education majors are offered on McKinley Middle's campus as well as one graduate level course for McKinley Middle teachers.

The Highland Elementary partnership especially involves the school teachers serving as models for undergraduate students, who take nine credits (Methods of Teaching Reading [6 credits] and Methods of Teaching Social Studies [3 credits]) on the Highland campus. LSU teacher candidates taking these courses also assist classroom teachers by tutoring students and helping design thematic work stations. On the writing segment of the 2005 4th grade LEAP, 21 students scored on or above the 75% percentile on the writing portion, and 11 students scored on or above the 75% percentile on the Proof Reading portion of the test. The program has provided numerous enriching experiences to LSU teacher candidates and has enhanced the participating schools, their students and teachers.

For the Future

New School Opening

Construction on the new McKinley Middle and Woodlawn Middle Schools was approved by the voters and will be built from the proceeds of the one-cent sales tax. The middle schools will be available for students in August 2006.

School Closures and Openings

Demographic studies were conducted as part of the research to propose recommendations for a continuation of the 1998 Tax Plan and to bring forth a recommendation regarding the most efficient use of facilities district-wide. This study generated a list of thirteen (13) schools scheduled for closure or reuse over the next seven years. Low student enrollment leading to operational inefficiencies resulted in the School Board's approval to close three elementary and two middle schools in 2004-2005 due to low enrollment and physical condition. Appropriate reuse, lease options, and sale or demolition of these facilities will be necessary to avoid deterioration of these facilities. The projected approximate savings associated with closing an elementary school is \$250,000, closing a middle school is \$300,000 and closing a high school is \$750,000. However, due to significant enrollment increases resulting from displaced students of Hurricane Katrina, 2 previously closed schools were re-opened in the 2005-2006 school year.

U. S. Department of Education Safe Schools/Healthy Student Grant

The U.S. Department of Education's Safe Schools/Healthy Students office will grant the School System \$2.8 million for 2005-2006 to help curb violence and substance abuse among school children. The School System submitted a comprehensive plan in partnership with other community organizations. The plan addressed six elements: 1) a safe school environment; 2) alcohol and other drug and violence prevention and early intervention programs; 3) school and community mental health preventive and treatment intervention services; 4) early childhood psychosocial and emotional development programs; 5) educational reform; and 6) safe school policies. The grant is expected to be renewed for two additional years for a total grant award of approximately \$8.4 million.

Bill & Melinda Gates Foundation - Thurgood Marshall

The Bill and Melinda Gates Foundation is championing a small high school movement globally. The Foundation has engaged the Thurgood Marshall Scholarship Fund (TMSF) as an intermediary to solicit collaborative and partnered proposals from Historically Black Colleges and Universities (HBCUs) and local school districts to radically reform district high schools. Southern University in Baton Rouge has partnered with the School System to develop a proposal to convert Capitol Senior High School (CSHS) into two small schools. The original design called for the establishment of Capitol Pre-College Academy (CPCA) serving 9th-10th graders and Capitol Early College Academy serving 11th-12th graders. The conversion of CSHS was to be phased in over three years with both schools being fully operational in 2007. The conversion began in the 2004-2005 school year with the admittance of 9th grade students into CPCA. Based on directives from the support funding source, the plan design has been modified to be more consistent with the research on small school models. In the fall of 2005 CSHS was converted into two small gender-based 9th - 12th schools both with a college preparatory focus.

The Wallace Foundation

The Wallace Foundation is focusing on initiatives which support state initiatives demonstrating the willingness and capacity to reform leadership practices to improve student achievement. A component of the Foundation's state-district leadership initiative is the State Action for Leadership Project (SAELP), whose goal is to ensure that state policies affecting leadership are coordinated with and supportive of local efforts to improve student learning. This is the second year that the Wallace Foundation has included Louisiana as one of the participating states. This program awards grants that will support partnerships between institutions of higher education and school districts to recruit, retain and induct leaders at our schools. The School System has partnered with Southern University in developing a Principal Academy, an Aspiring Principal Academy, and a Leadership Academy. The grant will award \$230,000 in support of this initiative for the development of educational leaders, which will effectively lead to improved student learning in a standards-based and accountability-driven environment.

Internal Control

Management of the School System is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School System are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the costs of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management. The School System utilizes a fully automated accounting system as well as an automated system of control for fixed assets and payroll. It is believed that the School System's internal controls adequately safeguard assets and provide reasonable, proper recording of financial transactions.

Single Audit

As a recipient of Federal and State financial assistance, the School System is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the School System.

As a part of the School System's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal financial assistance programs, and to determine that the School System has complied with applicable laws and regulations. The results of the School System's Single Audit, for the fiscal year ended June 30, 2005, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls

The School System maintains budgetary controls. The objective of this system control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the School System's governing body. Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget. The level of budgetary control (the level at which expenditures cannot exceed the appropriated amount) is established at the individual fund level for all funds. The School System also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts in the General Fund are reported as *reservations of fund balance and generally are re-appropriated as part of the next year's budget.*

Capital Projects Funds

Capital Projects Funds are provided by 51% of a one-cent sales tax in Proposition 1 for facilities and technology as approved by the voters in November 1998 as mentioned previously. The effective collection date for this proposition was July 1, 1999. Total sales tax revenues in Proposition 1 for the year ended June 30, 2005 amounted to \$30.8 million. The collection of this tax is for a five-year period and is for the purpose of funding repairs and renovations, enhancing technology, and constructing new schools and classrooms. On May 2, 2003, the voters approved the continuation of the Tax Plan for an additional five years.

Cash Management

Cash temporarily idle during the year was invested in interest-bearing accounts with our fiscal agency, in certificates of deposits, and in the Louisiana Asset Management Pool (LAMP). The School System's Investment Policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Total investment income from all sources totaled \$1.9 million, reflecting an increase of approximately \$1.1 million from the prior year. This increase is a result of a change in the district's fiscal agent bank and increased investment rates.

Cash balances run very low during many of the months from July through December. For the past fourteen years, the School System has participated in an Advance Funding Program of the Louisiana Public Facility Authority (LPFA) in an effort to minimize this problem. In October 2004, the School System entered into a short-term Advance Funding Agreement with LPFA for \$5,000,000 at an interest rate of 1.89%. That loan was successfully repaid by March 2005. This program has been very beneficial to this School System and has provided funds to facilitate the adverse "cash flow" problems brought on by the cyclical nature of the receipt of ad valorem revenues. The School System will again participate in the program for the 2005-2006 fiscal year.

All of the School System's primary deposits as of June 30, 2005 were either collateralized by securities held by the School System or by its agent in the name of the School System as required by law. The School System's consolidated bank account holds the cash of all funds. Temporary negative cash balances may occur in various funds during the year pending reimbursements from State and Federal grants, as these grants are awarded on a reimbursement basis. The General Fund finances these temporary situations in the majority of the cases.

Risk Management

The School System's administration is charged with the responsibility of supervising the protection of the District's assets by implementing various risk management techniques and procedures to reduce, absorb, minimize or transfer risk. A Risk Management staff is in place to manage this process and includes contracted support to assist management with measures to identify and reduce the system's exposure to loss. The School System continues to carry various forms of liability insurance including, but not limited to, excess workers' compensation coverage, property and casualty, errors and omissions, auto liability and general liability. The School Board adopted a self-insurance program for general liability, property and fleet vehicle insurance. Annual appropriations continue to be approved by the School Board to fund this program.

The medical insurance program includes health, life and other benefits for all full-time employees. The School Board previously approved plan modifications and premium increases, which have eliminated the prior year Retained Earning deficit in this program. The health program will continue to be monitored very closely to ensure its stability.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The public accounting firm of Postlethwaite & Netterville was selected by the School System several years ago to perform its annual financial audit. In addition to meeting the requirements set forth in State statutes, this audit was designed to comply with requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditors' reports on the basic financial statements are included in the financial section of this report. The auditors' reports related specifically to the single audit, internal control, and compliance with laws and regulations are included in a separate report and are available for review at the School System.

AWARDS

Government Finance Officers Association

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the School System for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. This was the nineteenth consecutive year that the School System has received this prestigious award. In order to be awarded a Certificate of Achievement, the School System published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Management believes that the 2004-2005 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements and will submit it to the GFOA for review in determining eligibility for another certificate.

Association of School Business Officials

The School System has received the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2004. This was the nineteenth consecutive year that the School System has received this prestigious award. This award certifies that the Comprehensive Annual Financial Report, for the fiscal year ended June 30, 2004, substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials International. The award is granted only after an intensive technical review of financial reports by an expert panel of certified public accountants and practicing school business officials has been made. The Certificate of Excellence is the highest form of recognition in school financial reporting issued by the Association of School Business Officials International.

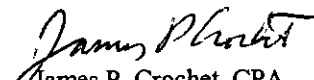
A Certificate of Achievement is valid for a period of one year only. Management believes that the Comprehensive Annual Financial Report, for the fiscal year ended June 30, 2005, which will be submitted to ASBO for review, also conforms to their principles and standards.

ACKNOWLEDGEMENTS

It is our desire that this report contain the necessary information and data that will provide a better understanding of the operations of the School System. It is further hoped that this report has been designed in such a manner as to be used as an administrative tool and general source of information to enhance our accountability to the public.

The preparation of this report in a timely manner could not have been achieved without a dedicated and highly qualified staff. I would like to take this opportunity to express my sincere appreciation to the entire Budget Management and Finance Department staff, whose extraordinary efforts and dedication contributed significantly in the timely preparation of this report. The professional, thorough, and timely manner in which our independent auditors, Postlethwaite & Netterville, conducted the audit is also appreciated. The Graphic Arts Department is to be commended on its creative input in the design and timely reproduction of this document. We would like to thank the members of the School Board for their interest and support in planning and conducting the financial operations of the School System in a responsible and progressive manner.

Sincerely,


James P. Crochet, CPA
Chief Financial Officer



Certificate of Achievement for Excellence in Financial Reporting

Presented to

East Baton Rouge
Parish School Board,
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zjelke

President

Jeffrey R. Emmer

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

East Baton Rouge Parish School System

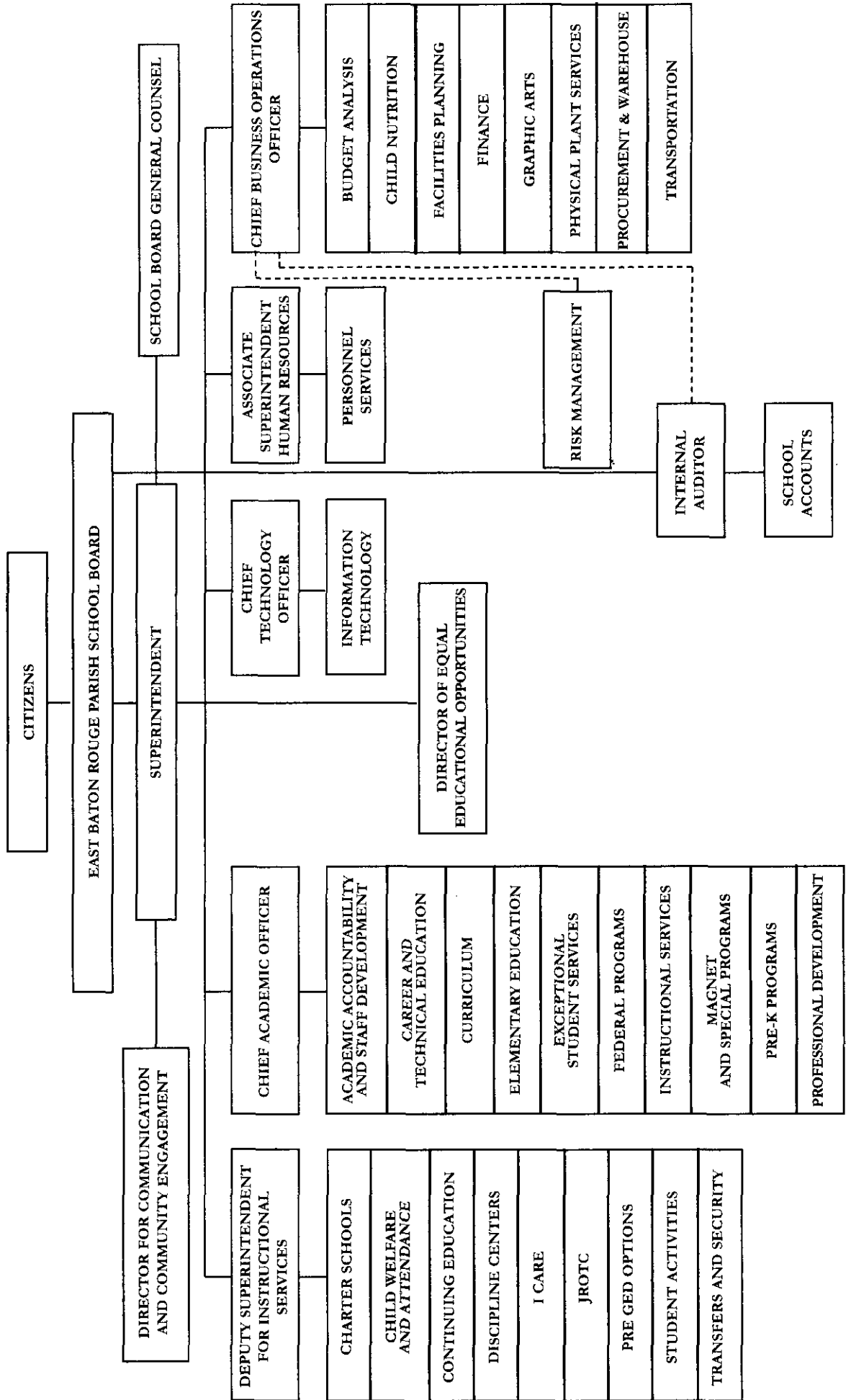
For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2004

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

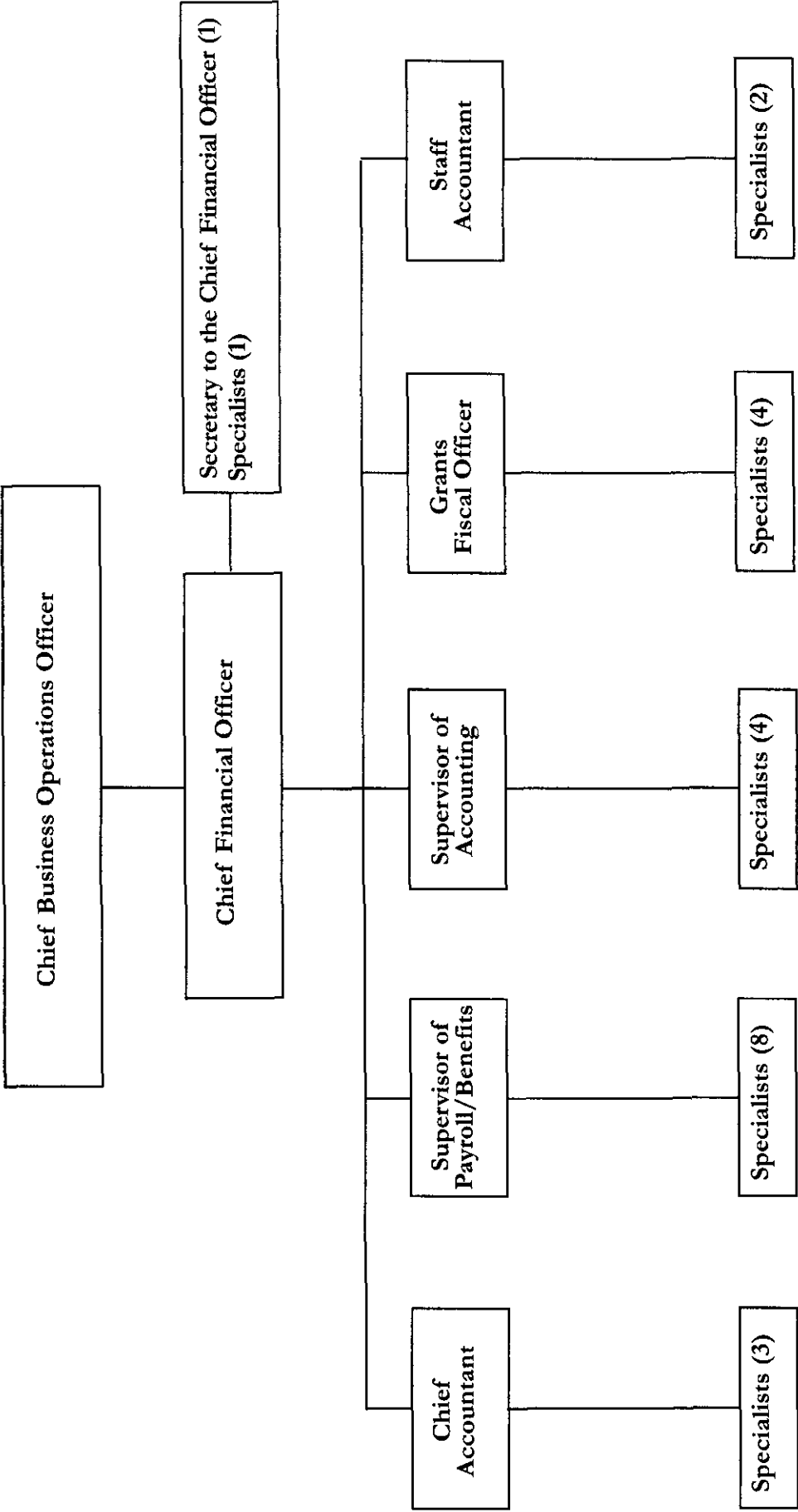
President

Executive Director

East Baton Rouge Parish School System Organizational Chart



East Baton Rouge Parish School System Finance Department Chart



Comprehensive Annual Financial Report

Financial Section



EBR School System of Choice with High Expectations for All



Postlethwaite & Netterville

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Associated Offices in Principal Cities of the United States
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INDEPENDENT AUDITORS' REPORT

The East Baton Rouge Parish School System

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Baton Rouge Parish School System (School System) as of and for the year ended June 30, 2005, which collectively comprise the School System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School System's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Baton Rouge Parish School System as of June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages xxx through xliv and pages 35 through 41, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Baton Rouge Parish School System's basic financial statements. The accompanying supplementary information consisting of the introductory section, combining and individual non-major fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2005 on our consideration of the East Baton Rouge Parish School System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The statement of net assets as of June 30, 2004 is shown on page 1 for comparative purposes. This statement was included as part of the School System's June 30, 2004 basic financial statements which were audited by us and upon which we issued our unqualified opinion in our report dated October 22, 2004.



Baton Rouge, Louisiana
October 28, 2005

Comprehensive Annual Financial Report

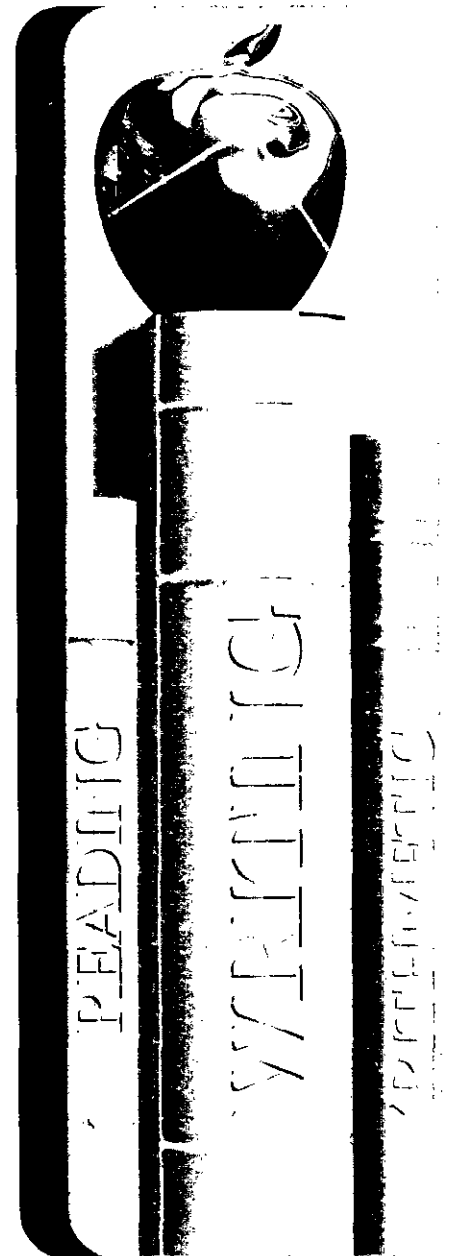
Required Supplemental Information

Part 1

EBR



The School System of Choice with High Expectations for All



East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

The Management's Discussion and Analysis (MD&A) of the East Baton Rouge Parish School System's (School System) financial performance provides an overall review, objective and easily readable analysis of the School System's financial activities for the fiscal year-ended June 30, 2005. The intent of the MD&A is to look at the School System's overall financial performance as a whole and to assist readers in assessing the financial position as a result of the year's operations in comparison to the prior year. Therefore, readers should read the MD&A in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letters of Transmittal (Page viii) of the Introductory Section, the School System's Financial Statements (Financial Section, Page 1), and the Notes to the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- Total assets of the School System exceeded total liabilities at June 30, 2005 by \$249.8 million (net assets). The unrestricted portion of net assets was \$25.3 million and may be used to meet the district's ongoing obligations and operational needs.
- Total net assets increased by \$34.1 million for the year mainly due to new school construction funded by dedicated revenue and favorable financial results in the governmental and internal service funds. Net assets invested in capital assets, net of related debt, increased by \$13.5 million with a corresponding increase in net assets restricted for capital improvements of \$0.4 million. All projects in the first five year phase of the 1998 One-Cent Sales Tax Plan were completed in the 2004-2005 fiscal year. In May 2003, the community continued to support the School System by voting to continue the five year one-cent sales tax for a second phase. Capitol Middle construction was completed in July 2004 at a cost of \$13.1 million and was occupied in August 2004. Numerous other construction projects including major renovations, classroom additions, classroom renovations, and technology projects are well underway in the second phase of the Tax Plan for the 2004-2005 fiscal year. Additionally, two new schools at McKinley Middle and Woodlawn Middle are scheduled for opening in August 2006. Net assets for the Compensation Fund increased \$3.0 million from the prior year, while Discipline Fund net assets decreased \$0.2 million. Net assets for state and federal grants increased by \$3.0 million primarily due to increased funds appropriated for textbooks to ensure students receive textbooks at the beginning of the school year. Net assets for costs required under the settlement agreement decreased slightly and unrestricted net assets increased by \$14.4 million.
- As the School System completed the fiscal year-ended June 30, 2005, its major funds reported fund balances of \$66.5 million as compared to \$58.5 million as of June 30, 2004. The fund balances include the General Fund at \$34.1 million, the three (3) Propositions 1, 2, and 3 at \$11.2 million, \$3.7 million and \$17.1 million, respectively; and the Child Nutrition Fund with \$0.4 million as of June 30, 2005. The Capital Projects Fund (Proposition 1) ended the year with a *deficit* unreserved fund balance of \$20.4 million as a result of the total construction commitments of \$31.6 million being recognized in excess of fund balance currently available. This *deficit* is caused by encumbering the total of all construction commitments and will be funded from the future sales tax collections of the "pay as you go" Tax Plan.
- At the close of the current fiscal year, the General Fund ended the year with a fund balance of \$34.1 million, an increase of \$5.7 million when compared to the prior year. Revenues exceeded expenditures by \$9.5 million and financing uses exceeded sources by \$3.8 million. The unreserved and undesignated portion of this fund balance is \$22.1 million or 7.8% of General Fund expenditures and will be necessary to support increased medical costs, risk management, instructional, and operational requirements.

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- Non-major fund balances were \$5.4 million for the fiscal year-ended June 30, 2005 as compared to \$2.4 million as of June 30, 2004. Non-major fund balances increased primarily due to an additional \$2.6 million that was appropriated for textbooks to ensure students receive textbooks timely in the subsequent school year.
- The Internal Service Funds ended the year with a net asset balance at June 30, 2005 of \$6.3 million. The Worker's Compensation and Medical Insurance Funds net asset balances were \$0.6 and \$6.5 million, respectively; while the Risk Management Fund had a *deficit* net asset balance of \$0.8 million. Funds totaling \$1.0 million were designated at June 30, 2005 in the General Fund to offset the *deficit* in the Risk Management Fund. Current and prior year premium increases and plan design changes have eliminated the year ended June 30, 2004 *deficit* net asset balance of \$5.1 million in the Medical Insurance Fund.

USING THE BASIC FINANCIAL STATEMENTS

The School System's basic financial statements consist of the government-wide financial statements, the fund financial statements, the associated notes to those statements, and the required supplemental information of the MD&A and budgetary comparison schedules of the major funds. The statements are organized so the reader can understand the operations of the School System as a financial whole, i.e., an entire operating entity, its funds, and its fiduciary responsibilities. The government-wide financial statements, consisting of the Comparative Statement of Net Assets and the Statement of Activities (pages 1-2), provide highly consolidated financial information and render a government-wide perspective of the School System's financial position and results of operations for the year. The Fund Financial Statements (pages 3-4, 6-9) provide the next level of detail and look at the School System's most significant funds and a total of all other non-major funds.

Reporting the School District as a Whole

Comparative Statement of Net Assets and Statement of Activities

The Statement of Net Assets and the Statement of Activities present an aggregate view of the School System's finances and a long-term view of those finances. These statements seek to answer the question, "How did the School System as a whole do financially during the 2004-2005 fiscal year?" These statements include *all non-fiduciary assets and liabilities* using the *accrual basis* of accounting used by most private-sector enterprises. The *accrual basis* takes into account all of the School System's current year revenues when earned and expenses when incurred regardless of when they are received or paid.

These two statements report the School System's net assets and changes in those net assets. By showing the change in net assets for the year, the reader may ascertain whether the School System's financial condition has improved or deteriorated. The causes of the change may be the result of many factors, both financial and non-financial in nature. Non-financial factors which may have an impact on the School System's financial condition include the School System's property and sales tax base, student enrollment, facility conditions, required educational programs for which little or no funding is provided or other external factors.

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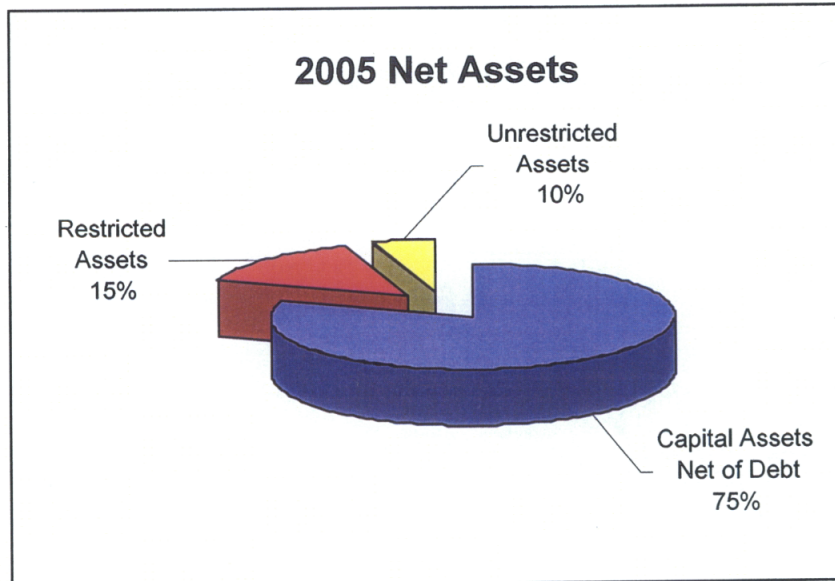
The following table reflects the condensed Statement of Net Assets for 2005:

Table I
Combined Statement of Net Assets
Years-ended June 30, 2005 and June 30, 2004
(In millions)

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>
<u>Assets</u>			
Current & Other Assets	\$ 115.7	\$ 95.4	\$ 20.3
Capital Assets	<u>188.4</u>	<u>175.8</u>	<u>12.6</u>
Total Assets	\$ 304.1	\$ 271.2	\$ 32.9
<u>Liabilities</u>			
Current Liabilities	\$ 37.5	\$ 38.3	\$ (0.8)
Long-Term Liabilities	<u>16.8</u>	<u>17.2</u>	<u>(0.4)</u>
Total Liabilities	\$ 54.3	\$ 55.5	\$ (1.2)
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	\$ 186.7	\$ 173.2	\$ 13.5
Restricted	37.8	31.6	6.2
Unrestricted	<u>25.3</u>	<u>10.9</u>	<u>14.4</u>
Total Net Assets	<u>\$ 249.8</u>	<u>\$ 215.7</u>	<u>\$ 34.1</u>

For more detailed information refer to Page 1

The following table reflects an overview of Net Assets for the year-ended June 30, 2005:



For more detailed information refer to Page 1.

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Total assets increased by \$32.9 million from the previous fiscal year with \$12.6 million in the area of capital assets. Capital assets increased as a result of the completed construction of one new school, additional classrooms at several school sites, and renovation and repair projects being complete or substantially complete at many other sites. Capitol Middle School was completed in July 2004 and was ready for students in August 2004. These projects are funded by 51% of a one-cent sales tax outlined in Proposition 1 - Capital Projects. Current and other assets increased by \$20.3 million primarily in cash and cash equivalents. This increase is attributable to positive financial results in the district's governmental and internal service funds.

Total liabilities decreased by \$1.2 million from the previous fiscal year, with the greatest decrease being in claims payable for \$2.4 million, primarily in the Medical Insurance Fund. This decrease is a result of the district's third party administrator processing medical claims more timely and reduced claim activity because the district employed approximately 375 fewer employees from the privatization of maintenance.

Other current liabilities increased by \$1.6 million, as a result of the following factors. Accounts payable decreased by \$0.4 million, while deferred revenues increased by \$0.6 million. The major contributor to this increase is the State's Retirement Supplemental Appropriation of \$1.2 million distributed in fiscal year 2004-2005 earmarked to offset increasing retirement costs in 2005-2006, while Education Excellence Fund deferred revenue decreased by \$0.6 million as compared to the prior year from the recognition of this revenue in the 2004-2005 year. There was a \$0.5 million reduction in deferred financial commitment, which leaves a \$4.3 million balance representing the unamortized portion of the financial commitment with Aramark. In March 2004, the School System entered into a partnership with Aramark to privatize its maintenance, grounds, and janitorial functions. This partnership included a financial commitment from Aramark of an amount up to \$5,000,000 to support the labor conversion and maintenance and operations of facilities. The School System agrees to invest these funds in costs associated with the labor conversion and/or the maintenance and operation of the facilities. The financial commitment shall be amortized on a straight-line basis over a period of ten (10) years. Upon termination of the partnership by either party, for any reason, the School System must reimburse Aramark the unamortized portion of the financial commitment (note 12). Fiduciary fund current liabilities increased by \$1.9 million largely due to payments of payroll withholdings payable at year-end and the timing of the related payrolls.

The long term liabilities decreased \$0.4 million, mainly as a result of a \$0.5 million net increase in Compensated Absences, a \$0.2 million decline in the long-term obligation of the Qualified Zone Academy Bond (QZAB) debt for the purpose of renovations and repairs at various school sites, and a \$0.7 million decline in the fourth and final year of the capital lease for the purpose of purchasing instructional software for several schools (note 8).

Net assets increased \$34.1 million as of June 30, 2005, with \$13.5 million of this increase in the area of capital assets, net of related debt. All projects in the first five year phase of the 1998 One-Cent Sales Tax Plan were completed in the 2004-2005 fiscal year at a total cost of \$168.5 million. Restricted net assets increased by \$6.2 million primarily due to an additional \$2.6 million that was appropriated for textbooks to ensure students receive textbooks timely in the subsequent school year, \$3.0 million increase in supplemental compensation, and \$0.2 million net increase in capital improvement, discipline, and costs required under the settlement agreement. Unrestricted net assets increased from the previous year by \$14.4 million mainly as a result of an improvement in the General Fund's sales tax, as well as favorable expenditure results.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities

The Condensed Statement of Changes in Net Assets presented in Table II, reflect the cost of the School System's governmental activities for the year ended June 30, 2005 of \$393.2 million, which is a 2.7% increase from the prior year. This statement portrays the activity in a traditional revenue over expense format and the numbers are derived from those presented in the Statement of Activities on page 2. The Statement of Activities shows the detailed cost of program services and the charges for services, grants, and contributions offsetting some of the costs of those program expenses. Operating Grants and Contributions totaling \$67.6 million subsidized certain programs of the School System.

The Child Nutrition Program is the second largest federally funded program with \$17.6 million in federal revenue compared to Title I with \$18.6 million. The federal reimbursement rate for meals served increased by approximately 2%. In addition, Charges for Services such as fees from other governments, agencies, schools systems, and students, for transportation services, school lunches, extended day tuition, and summer school tuition totaling \$4.9 million subsidized certain programs of the School System. Student lunch meal prices remained constant for the current year. Approximately 75.38% of the students are eligible for free or reduced meal prices.

The remaining program expenses were funded by the taxpayers in East Baton Rouge Parish through Ad-Valorem and Sales and Use Taxes totaling \$223.1 million and State Revenue Sharing totaling \$3.7 million. The Minimum Foundation Program (MFP) from the State of Louisiana funded \$122.7 million, Interest and Investment Earnings funded \$1.9 million, E-Rate, Medicaid reimbursement and other general revenues contributed the remaining \$3.5 million.

Ad-Valorem taxes increased by approximately 6.3% due to the property reassessment. The \$3.9 million increase in MFP funds is mainly a result of the State's base per pupil amount increasing from \$3,366 to \$3,459, as well as, an increase in student enrollment of approximately 202 students. Sales Taxes from all sources increased approximately 4.5%.

Several factors contributed to the increase in the cost of services by \$10.2 million from the previous year. Total instructional expenses increased by \$8.8 million in 2004-2005, while total support service and charter school appropriation expenses increased by \$8.2 million. Instructional and support service expense increases were largely attributable to; 1) The Board-approved pay raises for teachers and principals from the property reassessment; 2) Rising active and retiree health care costs which have resulted in the Board's approval of several plan design changes and required increased contributions; 3) Increased depreciation expense resulting from the major construction and renovation projects funded by Proposition 1 – Capital Project Fund; 4) Increased expenses in grant funded programs due to grant award allocation increases for Title I and Special Education; and 5) Increased retirement costs. The loss on disposition of assets line item decreased by \$6.8 million mainly due to the separation of Baker and Zachary school systems' transfer of assets that occurred in the prior year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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The key elements of the increase of the District's Net Assets for the year ended June 30, 2005 with comparative figures from 2004 are as follows:

Table II
Condensed Statement of Changes in Net Assets
Years-ended June 30, 2005 and June 30, 2004
(In millions)

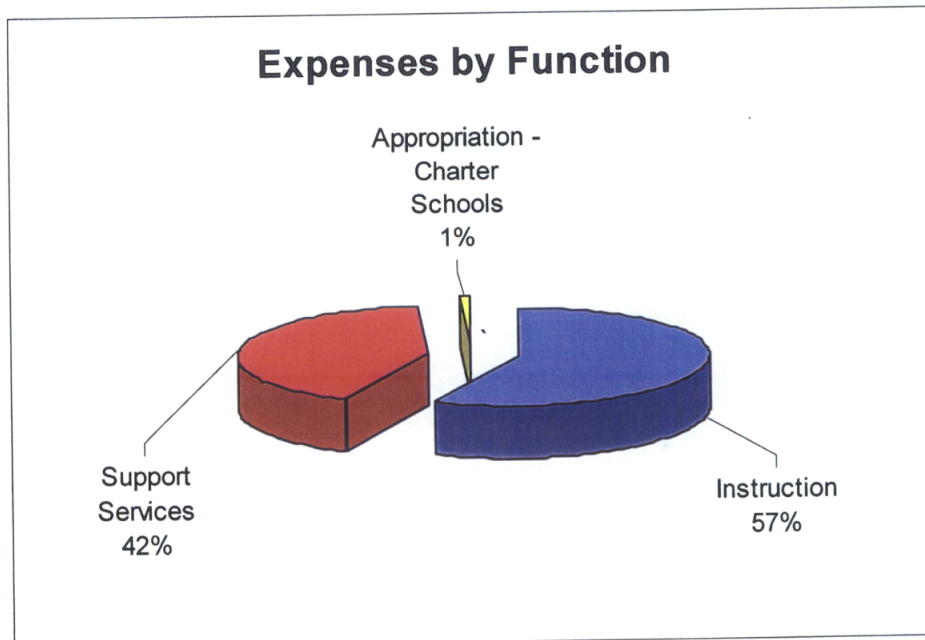
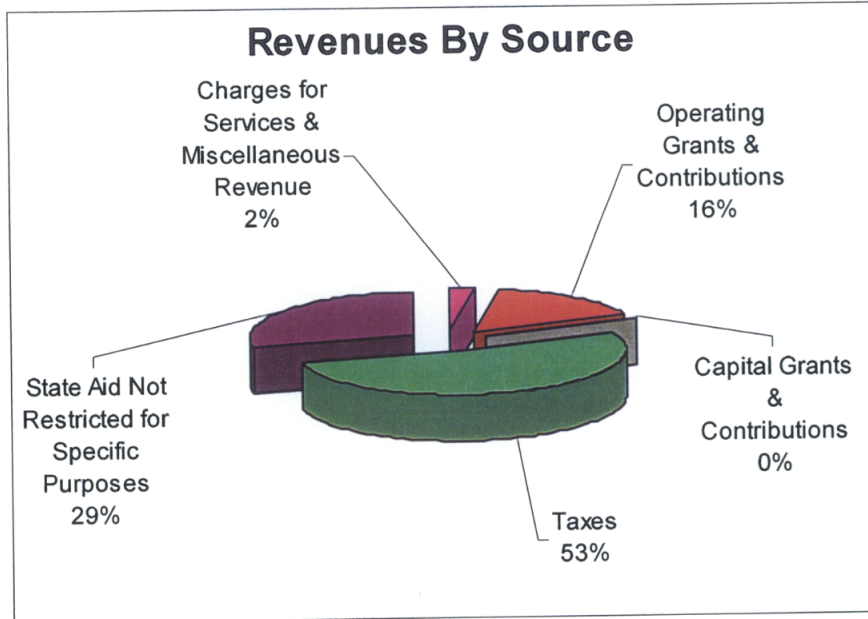
Revenue	<u>2005</u>	<u>2004</u>	<u>Increase</u> <u>(Decrease)</u>
Program revenues:			
Charges for services	\$ 4.9	\$ 4.9	\$ -
Operating grants and contributions	67.5	61.0	6.5
General revenues:			-
Ad-valorem taxes	94.2	88.6	5.6
State revenue sharing	3.7	3.8	(0.1)
Sales and use taxes	128.9	123.4	5.5
State aid not restricted (MFP)	122.7	118.8	3.9
Interest and investment earnings	1.9	0.8	1.1
Miscellaneous	<u>3.5</u>	<u>3.1</u>	<u>0.4</u>
Total Revenues	<u>\$ 427.3</u>	<u>\$ 404.4</u>	<u>\$ 22.9</u>
 Expenses			
Instruction:			
Regular education programs	\$ 127.8	\$ 123.3	\$ 4.5
Special education programs	55.1	55.1	-
Other education programs	41.6	37.3	4.3
Support Services:			
Pupil support services	19.3	19.4	(0.1)
Instructional staff services	14.5	13.2	1.3
General administration services	9.5	9.3	0.2
School administration services	17.4	16.9	0.5
Business and central services	10.8	9.8	1.0
Plant operating and maintenance	45.4	40.7	4.7
Transportation	23.5	23.5	-
Child nutrition	25.3	24.9	0.4
Appropriation – charter schools	2.8	2.6	0.2
Interest on long-term debt	-	-	-
Loss on disposition of capital assets	<u>0.2</u>	<u>7.0</u>	<u>(6.8)</u>
 Total Expenses	<u>\$ 393.2</u>	<u>\$ 383.0</u>	<u>\$ 10.2</u>
 Increase in Net Assets	\$ 34.1	\$ 21.4	\$ 12.7
Net Assets – Beginning	<u>215.7</u>	<u>194.3</u>	<u>21.4</u>
Net Assets – Ending	<u>\$ 249.8</u>	<u>\$ 215.7</u>	<u>\$ 34.1</u>

For more detailed information refer to Page 2.

East Baton Rouge Parish School System
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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The following reflects revenue and expense components in proportion to the respective totals included in the Statement of Activities:



For more detailed information refer to Page 2.

East Baton Rouge Parish School System
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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2005

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School System's major funds begins on page 3. Fund Financial Statements provide more in-depth reporting of the School System's financial position and the results of operations. Fund basis financial information is presented in the "Fund Financial Statements" Section. The School System uses many funds to account for the numerous funding sources provided annually. However, the Fund Financial Statements look at the School System's most significant funds with all non-major funds presented in total in one column. These statements report governmental activities on a more current basis rather than a long-term basis, indicating sources and uses of funding, and resources available for spending in future periods.

Fund Financial Statements provide more in-depth data on the School System's most significant funds, such as its General Fund, Title I Fund, Tax Proposition 1-Capital Projects Fund, Proposition 2-Discipline Fund, Proposition 3-Compensation Fund, and the Child Nutrition Fund. These funds are considered "major funds" under GASB Statement No. 34.

Governmental Funds – Most of the School System's activities are reported in governmental funds, which generally focus on how money flows in and out of those funds, the balances that are left at year-end, and the amount available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

The relationship between governmental activities reported in the Basic Financial Statements and the governmental funds reported in the Fund Financial Statements are reconciled to provide a more comprehensive picture of the School System's financial position.

Proprietary Funds – Proprietary funds use the accrual basis of accounting which is the same basis used by the private sector. Proprietary funds attempt to recover costs through charges to the user. The School System uses the Internal Services Funds (proprietary funds) to account for activities for workers' compensation, risk management, and medical insurance.

Statement of Fiduciary Net Assets – This statement presents financial information relative to assets held by the School System on behalf of students (student activity funds), employees (deferred pay), and others (payroll deductions).

THE SCHOOL SYSTEM'S FUNDS

The School System uses funds to control and permit measurement in the short-term of revenues and expenditures of a particular activity or purpose (e.g., dedicated taxes and grant programs). The Fund Financial Statements allow the School System to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. These statements also allow the reader to obtain more insight into the financial management of the School System and assess further the School System's overall financial stability.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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The fund balances for all major and non-major funds for the fiscal year-ended June 30, 2005 are as follows:

- As the School System completed the fiscal year-ended June 30, 2005, its major funds reported fund balances of \$66.5 million as compared to \$58.5 million as of June 30, 2004. The fund balances include the General Fund at \$34.1 million, the three (3) Propositions 1, 2, and 3 at \$11.2 million, \$3.7 million, and \$17.1 million respectively, and the Child Nutrition fund with \$0.4 million as of June 30, 2005. The Capital Projects Fund (Proposition 1) ended the year with a *deficit* unreserved fund balance of \$20.4 million as a result of the total construction commitments of \$31.6 million being recognized. This *deficit* is caused by encumbering the total of all construction commitments and will be funded from future sales tax collections of the "pay as you go" Tax Plan.
- At the close of the current fiscal year, the General Fund ended the year with a fund balance of \$34.1 million, an increase of \$5.7 million when compared to the prior year. The unreserved and undesignated portion of this fund balance is \$22.1 million or 7.8% of General Fund expenditures and will be necessary to support increased medical costs, risk management, instructional and operational requirements.
- *Non-major fund balances were \$5.4 million for the fiscal year-ended June 30, 2005 as compared to \$2.4 million as of June 30, 2004.*
- The Internal Service Funds ended the year with a net asset balance at June 30, 2005 of \$6.3 million. The Workers' Compensation and Medical Insurance Funds net asset balances were \$0.6 and \$6.5 million respectively, while the Risk Management Fund had a *deficit* net asset balance of \$0.8 million. Funds totaling \$1.0 million were designated at June 30, 2005 in the General Fund to eliminate the *deficit* in the Risk Management Fund.

General Fund Budgetary Highlights

The School System's budget is prepared according to Louisiana law. During the course of the year, the School System revises its budget to take into consideration significant changes in revenues or expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected revenues are less or anticipated expenditures are in excess of budgetary goals by five percent (5%) or more. The original budget for the School System was adopted on June 24, 2004 and the final revised budget was adopted on June 16, 2005.

A statement showing the School System's original and final budget compared with actual operating results is provided in this CAFR beginning on page 36. Tables III and IV reflect a condensed comparative analysis of the General Fund's revenues and expenditures at June 30, 2005. The School System's year-end actual results were improved when compared to budget, as conservative budgetary practices are customary. Revenues are forecast conservatively and expenditures are budgeted in anticipation of all possible costs and projects.

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The General Fund's actual revenues exceeded projections by \$1.6 million and increased \$13.4 million when compared to the prior year. Ad valorem tax revenue increased \$5.5 million over last year as a result of the property reassessment, which resulted in growth to the 2004 parish assessment roll of approximately 9.0% and an overall collection rate of 97.8%. Actual collections were less than projections by \$0.2 million or 0.2%. The total millage levied by the School System is 43.45 mills, which generates approximately \$2.2 million per mill. Sales tax collections increased over prior year's collections by \$2.7 million or 4.1% and exceeded projections by \$1.3 million or 1.9%. Original estimates were conservative and assumed there would be minimal growth in the current fiscal year. Earnings on Investments increased \$0.6 million from the prior year, mainly associated with a change in the District's fiscal agent bank and increased investment rates. Other local revenue increased by approximately \$0.6 million when compared to the prior year, which mainly represents the final settlement of insurance proceeds from the fire damage at Brownsfield Elementary School.

State revenue sources from unrestricted grants-in-aid, MFP, reflect an increase of \$3.9 million when compared to the prior year. The increase is mainly a result of the State's base per pupil amount increasing from \$3,366 to \$3,459. Student enrollment for the 2004-2005 school year was projected to decrease by approximately 476 students from the 2003-2004 school year. Actual October 1, 2004 student enrollment approved for the purpose of funding by the State was 45,266 students or 202 students more than the enrollment on October 1, 2003.

The decrease of \$0.1 million in restricted State grants-in-aid represents the phase out of the Professional Improvement Program (PIP) for instructional staff.

General Fund expenditures increased by \$0.9 million from the prior year. Total actual expenditures fell below final projections by \$10.9 million, with \$4.4 million, \$1.5 million and \$0.9 million of this amount in transportation, business and central services, and plant operations and maintenance areas, respectively. However, encumbrances outstanding at year end totaled \$3.9 million primarily in the areas of transportation, business and central services, and plant operations and maintenance that will be liquidated in the subsequent fiscal year. A corresponding amount was reserved from the fund balance to support these encumbrances. Actual expenditures exceeded prior year expenditures in instruction – regular education programs by \$6.0 million. This increase is largely attributable to the Board-approved pay raises for teachers with additional revenues received from the previously mentioned property reassessment. Actual expenditures were less than prior year expenditures in plant operations and maintenance, transportation, and settlement agreement areas by \$2.4 million, \$1.6 million, and \$3.1 million respectively. Plant operations and maintenance expenditure reductions were realized because of the privatization of these operations, while transportation reductions were a result of encumbrances for bus purchases that will be liquidated in the subsequent fiscal year. Settlement agreement expenditure reductions were realized mainly because special revenue funds are supporting a portion of the required class size reduction personnel.

Student enrollment appears to have stabilized, MFP funding has increased somewhat and sales tax collections have exceeded projections; however, the School System continues to incur increased health insurance and retirement costs.

Increased expenditures reflect the health insurance premiums that increased by approximately 4.6% for the calendar year 2005 as a result of the constantly rising health care costs along with an increasing retiree population eligible for health insurance. The Medical Insurance Fund *deficit* was eliminated this current year with the premium increases and plan design changes in effect for calendar years 2004 and 2005.

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The unreserved fund balance designates \$2.3 million for the Medical Insurance Fund, \$1.5 million for much needed additional school bus purchases to update an aging fleet, \$1.7 million for special facility projects, and \$1.0 million for the Risk Management Fund. The undesignated fund balance of \$22.1 million represents an increase of \$6.5 million over final projections and is approximately 7.78% of actual expenditures. This amount is less than adequate for an operation of this size in an environment of unstable sales tax collections, aging facilities, increased State and Federal accountability requirements, and escalating health care costs. These improved results, however, are welcomed and necessary to support the less than adequate fund balance projected for the 2005-2006 fiscal year.

Table III
General Fund Revenue
Years-ended June 30, 2005 and June 30, 2004
(In Millions)

<u>GENERAL FUND REVENUE</u>	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>
<u>Local Revenue</u>			
Ad valorem taxes	\$ 92.7	\$ 87.1	\$ 5.6
Sales and use taxes	68.4	65.7	2.7
Earnings on investments	1.2	0.5	0.7
Extended Day Program tuition	0.5	0.5	-
Other	<u>3.7</u>	<u>3.1</u>	<u>0.6</u>
Total Local Revenue	\$ 166.5	\$ 156.9	\$ 9.6
<u>State Sources</u>			
Unrestricted grants-in-aid, MFP	\$ 119.3	\$ 115.4	\$ 3.9
Revenue sharing	3.7	3.8	(0.1)
Restricted grants-in-aid	<u>3.1</u>	<u>3.2</u>	<u>(0.1)</u>
Total State Sources	\$ 126.1	\$ 122.4	\$ 3.7
<u>Federal</u>	\$ 0.6	\$ 0.5	\$ 0.1
<u>Total Revenues</u>	<u>\$ 293.2</u>	<u>\$ 279.8</u>	<u>\$ 13.4</u>

For more detailed information refer to Page 36.

East Baton Rouge Parish School System
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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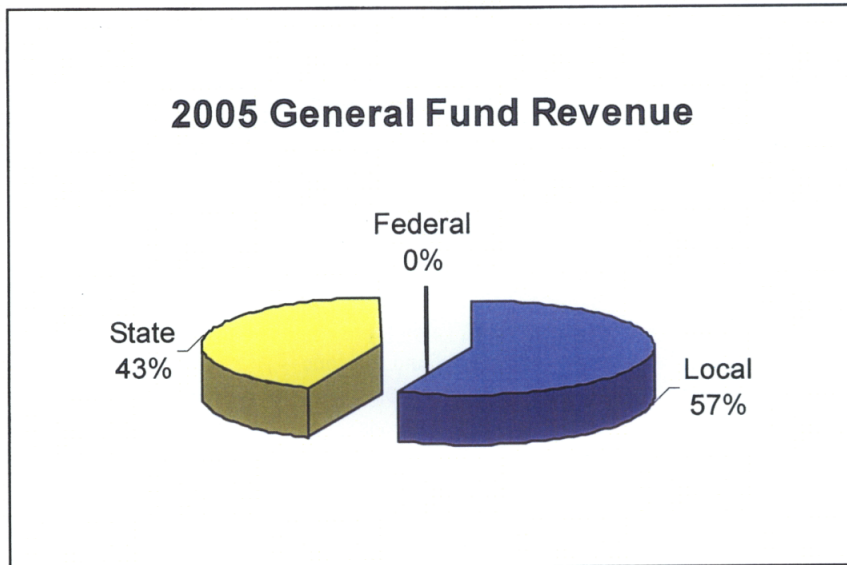


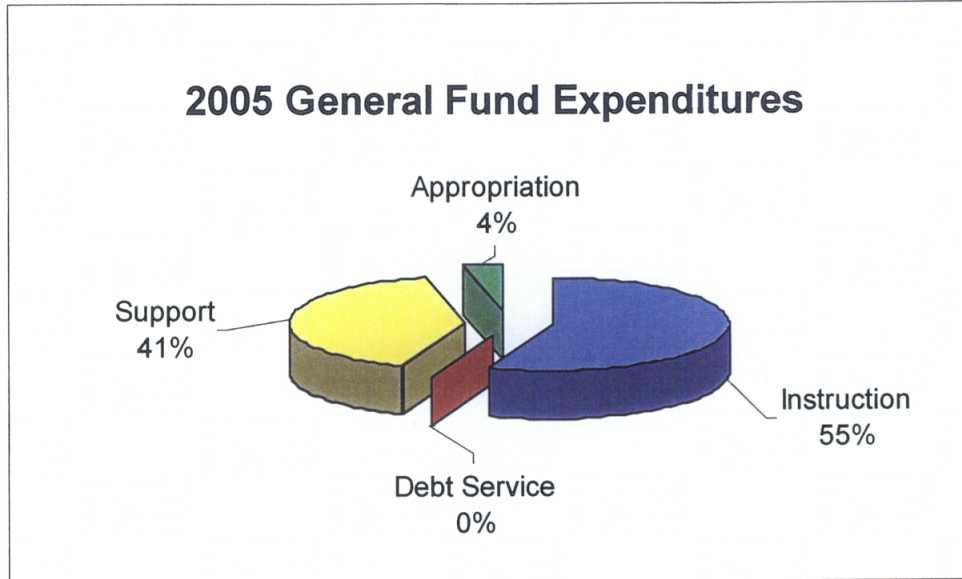
Table IV
General Fund Expenditures
Years-ended June 30, 2005 and June 30, 2004
(In Millions)

<u>GENERAL FUND EXPENDITURES</u>	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>
<u>Instruction</u>			
Regular education programs	\$ 99.2	\$ 93.2	\$ 6.0
Special education programs	46.9	47.0	(0.1)
Other education programs	<u>12.0</u>	<u>11.6</u>	<u>0.4</u>
Total Instruction	\$ 158.1	\$ 151.8	\$ 6.3
<u>Support</u>			
Pupil support services	\$ 14.9	\$ 14.6	\$ 0.3
Instructional staff services	8.0	7.5	0.5
General administration services	8.8	8.8	-
School administration services	16.4	16.3	0.1
Business and central services	9.0	8.4	0.6
Plant operations and maintenance	37.2	39.6	(2.4)
Transportation	<u>20.8</u>	<u>22.4</u>	<u>(1.6)</u>
Total Support	\$ 115.1	\$ 117.6	\$ (2.5)
<u>Appropriations</u>			
Charter School	\$ 2.6	\$ 2.4	\$ 0.2
Desegregation Final Settlement Agreement	<u>7.6</u>	<u>10.7</u>	<u>(3.1)</u>
Total Appropriations	\$ 10.2	\$ 13.1	\$ (2.9)
<u>Debt Service</u>			
Principal	\$ 0.3	\$ 0.3	\$ -
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Service	\$ 0.3	\$ 0.3	\$ -
<u>Total Expenditures</u>	<u>\$ 283.7</u>	<u>\$ 282.8</u>	<u>\$ 0.9</u>

For more detailed information refer to Page 36.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the School System has approximately \$188.4 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, and other equipment. This amount is net of accumulated depreciation to date. Increases during the year represent additional purchases and capital outlays for construction, while decreases represent retirements of assets during the year and depreciation of depreciable assets for the year. Table V shows the net book value of capital assets at the end of the 2005 and 2004 fiscal years.

Table V
Capital Assets at
Years-ended June 30, 2005 and June 30, 2004
(In Millions)

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>
Land	\$ 8.4	\$ 8.4	\$ -
Buildings and improvements	157.2	141.5	15.7
Furniture and equipment	6.0	7.9	(1.9)
Construction in progress	<u>16.8</u>	<u>18.0</u>	<u>(1.2)</u>
Totals	<u>\$ 188.4</u>	<u>\$ 175.8</u>	<u>\$ 12.6</u>

For more detailed information refer to Page 25.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

Capitol Middle School construction was completed at a cost of \$13.1 million with occupancy in August 2004. School construction for the new Woodlawn Middle and McKinley Middle Schools continued throughout the year and will be complete in April and May 2006 respectively, with occupancy in August 2006.

In addition, other major construction projects, renovations, and classroom additions were completed during the year, while others were still in progress at June 30, 2005. Depreciation for the year-ended June 30, 2005 was \$8.0 million for buildings and improvements and \$2.1 million for furniture and equipment. Major construction and renovation projects will continue for the 2005-2006 fiscal year and will be funded with the Proposition 1 "pay-as-you go" sales tax initially approved by the voters in 1998 for a five-year period and renewed on May 2, 2003 for an additional five years.

Debt Administration

At June 30, 2005, the School System had outstanding Qualified Zone Academy Bond (QZAB) notes payable of \$1.7 million that are scheduled for repayment by November 2016. The School System also had a \$0.7 million capital lease at June 30, 2004 that was paid in full at June 2005. In accordance with LSA-R.S.39: 562 (L), the School System is legally restricted from incurring long-term bonded debt in excess of 25 percent of the assessed value of the taxable property (including homestead exempt and nonexempt property) within the parish. At June 30, 2005, the statutory limit is \$721,258,915.

Other long-term obligations include accrued sick leave and annual leave. The balance at June 30, 2005 of both current and long-term obligations was \$15.1 million. More detailed information is available on pages 27 and 28.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The financial well being of the School System is tied in large measure to the State funding formula and the sales and property tax base. Actual General Fund sales tax collections for the fiscal year-ended June 30, 2005 reflect an increase of 5.0%, which is an improvement as compared to the prior year. However, sales tax collections for motor vehicles decreased by 0.8%. Actual General Fund Ad Valorem and State MFP revenues both increased by 6.3% and 3.3% respectively. As previously mentioned, these revenues increased because of the property reassessment and an increase in the State's base per pupil amount from \$3,366 to \$3,459.

The initial undesignated fund balance projected for the General Fund for the fiscal year-ending June 30, 2006 is \$19.7 million; however, approximately \$6.0 million of legislatively mandated expenditures to enhance fulltime certificated staff salaries and benefits are excluded, but will be included in the revised 2005-2006 General Fund Budget. The 2005-2006 budgeted expenditures are projected to increase by \$17.2 million as compared to prior year actual, which includes the \$6.0 million mandated expenditures mentioned above.

The Teachers' Retirement System's rate increased from 15.5% to 15.9% effective July 1, 2005. The Louisiana School Employees' Retirement System provided notification that the employer contribution rate will increase from 14.8% to 18.4% for the 2005-2006 fiscal year. Increased retirement contribution rates effective July 1, 2005 are projected to increase contributions by \$2.7 million. The recently reported October 1, 2005 student enrollment figure of 52,448 students (excludes Pre-Kindergarten) exceeded projections by 8,136 students and was 7,182 students above the previous year, primarily due to the impact of displaced Hurricane Katrina and Rita students. Kindergarten through twelfth grade enrollment is still subject to the student audit adjustments and current special education counts and weight adjustments.

The actual undesignated fund balance of \$22.1 million for fiscal year-ended 2004-2005 was an improvement of \$6.5 million when compared with final projections of \$15.6 million. This positive fund balance variance will support increased retirement costs, health care premiums, and other unforeseen emergencies.

CONTACTING THE SCHOOL SYSTEM'S FINANCIAL MANAGEMENT

This CAFR is designed to provide full and complete disclosure of the financial condition and operations of the School System. However, citizens groups, taxpayers, parents, students, other parish officials, investors or creditors may need further detail. To obtain such details, please contact James P. Crochet, Chief Financial Officer, East Baton Rouge Parish School System, Post Office Box 2950, Baton Rouge, Louisiana, 70821. Feel free to also contact us by calling (225) 922-5440 during regular office hours, Monday through Friday, 8:00 a.m. to 4:30 p.m., Central Standard Time, or e-mail at jcrochet@ebrschools.org.



Quality and Equity:

EBR

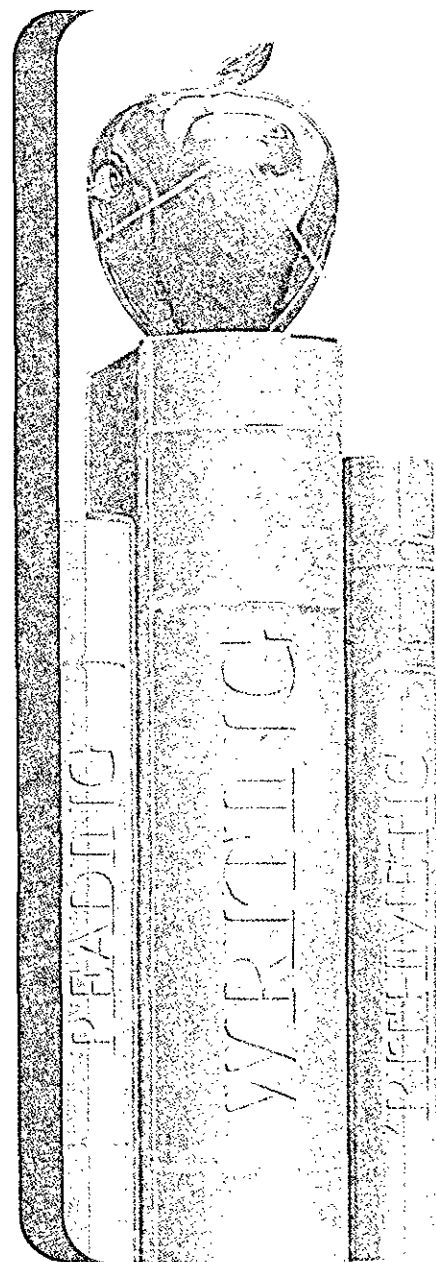
East Baton Rouge
Parish School System

The East Baton Rouge Parish School System
does not discriminate on
the basis of race, color, national
origin, sex, handicap
or disability

Our Children Are the Reason

Comprehensive Annual Financial Report

Basic Financial Statements



The School System of Choice with High Expectations for All

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30, 2005

ASSETS

	<u>2005</u>	<u>2004</u>
Cash and cash equivalents	\$ 82,216,298	\$ 63,670,325
Receivables		
Accounts	867,347	1,624,022
Sales tax	14,022,757	15,964,151
Ad valorem tax	1,342,273	1,288,790
Due from governments	15,208,760	10,549,919
Inventory	1,997,690	2,343,259
Capital Assets		
Land and construction in progress	25,149,471	26,327,816
Buildings and equipment, net of accumulated depreciation	<u>163,303,226</u>	<u>149,444,903</u>
TOTAL ASSETS	<u>\$ 304,107,822</u>	<u>\$ 271,213,185</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts, salaries and other payables	\$ 7,341,148	\$ 7,771,012
Deferred revenues	1,792,746	1,244,158
Deferred financial commitment with maintenance company	4,333,333	4,833,333
Claims payable	14,082,503	16,465,570
Due to external parties (fiduciary fund)	9,890,634	8,000,401
Long-term liabilities		
Due within one year	2,852,855	3,730,507
Due in more than one year	<u>13,986,858</u>	<u>13,473,236</u>
TOTAL LIABILITIES	<u>\$ 54,280,077</u>	<u>\$ 55,518,217</u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 186,734,515	\$ 173,233,096
Restricted for:		
Capital improvements	11,207,604	10,778,229
Compensation	17,103,191	14,144,745
Discipline	3,656,311	3,827,217
Federal and state grant programs	5,434,042	2,374,319
Costs required under settlement agreement	420,456	456,592
Unrestricted	<u>25,271,626</u>	<u>10,880,770</u>
TOTAL NET ASSETS	<u>\$ 249,827,745</u>	<u>\$ 215,694,968</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2005

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Governmental Unit	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<u>Functions/Programs</u>					
Instruction:					
Regular education programs	\$ 127,813,148	\$ -	\$ 2,215,876	\$ -	\$ (125,597,272)
Special education programs	55,085,920	-	5,334,589	-	(49,751,331)
Other education programs	41,560,479	813,246	30,227,269	-	(10,519,964)
Support Services:					
Pupil support services	19,246,256	-	2,253,093	-	(16,993,163)
Instructional staff services	14,335,482	-	5,595,117	-	(8,740,365)
General administration services	9,539,624	-	3,330	-	(9,536,294)
School administration services	17,404,397	-	357,840	-	(17,046,557)
Business and central services	10,953,063	-	759,491	-	(10,193,572)
Plant operations and maintenance	45,399,347	-	627,654	-	(44,771,693)
Transportation	23,512,199	173,958	2,575,957	-	(20,762,284)
Child nutrition	25,339,113	3,962,803	17,600,993	-	(3,775,317)
Appropriation - charter schools	2,846,532	-	-	-	(2,846,532)
Interest on long-term debt	21,275	-	-	-	(21,275)
Loss on disposition of capital assets	205,368	-	-	-	(205,368)
Total Governmental Activities	393,262,203	4,950,007	67,551,209	-	(320,760,987)
General Revenues					
Taxes:					
Ad valorem taxes					94,212,705
State revenue sharing					3,722,441
Sales and use taxes					128,856,908
State aid not restricted to specific programs (MFP)					122,712,378
Interest and investment earnings					1,877,172
Miscellaneous					3,512,160
					<u>354,893,764</u>
					<u>34,132,777</u>
					<u>215,694,968</u>
					<u>\$ 249,827,745</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

EAST BATON ROUGE PARISH SCHOOL SYSTEM

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

GOVERNMENTAL FUNDS

Balance Sheet

JUNE 30, 2005

	General	Title I	Proposition 1 Capital Projects
<u>ASSETS</u>			
Cash and cash equivalents	\$ 58,895,648	\$ -	\$ 6,846,965
Receivables:			
Accounts	356,786	74,121	-
Sales tax	7,313,807	-	3,493,817
Ad valorem tax	1,342,273	-	-
Due from other funds	-	-	4,323,687
Due from other governments	1,959,393	5,668,737	-
Inventory	1,286,939	-	-
TOTAL ASSETS	<u>\$ 71,154,846</u>	<u>\$ 5,742,858</u>	<u>\$ 14,664,469</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 2,095,279	\$ 616,352	\$ 3,456,865
Salaries and benefits payable	-	7,456	-
Due to other funds	29,176,899	5,119,050	-
Deferred financial commitment with maintenance company	4,333,333	-	-
Deferred revenues	1,435,364	-	-
TOTAL LIABILITIES	<u>37,040,875</u>	<u>5,742,858</u>	<u>3,456,865</u>
Fund balances:			
Reserved for inventory	1,286,939	-	-
Reserved for encumbrances	3,875,287	-	31,590,225
Unreserved, reported in:			
General Fund:			
Designated for coverage of medical claims	2,250,000	-	-
Designated for coverage of risk management claims	1,000,000	-	-
Designated for bus purchases	1,500,000	-	-
Designated for facilities	1,715,000	-	-
Designated for costs required under settlement agreement	420,456	-	-
Undesignated	22,066,289	-	-
Special Revenue Fund	-	-	-
Capital Projects Fund	-	-	(20,382,621)
TOTAL FUND BALANCES	<u>34,113,971</u>	<u>-</u>	<u>11,207,604</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 71,154,846</u>	<u>\$ 5,742,858</u>	<u>\$ 14,664,469</u>

The accompanying notes to the basic financial statements are an integral part of this statement.



Proposition 2 Discipline	Proposition 3 Compensation	Child Nutrition	Other Non-major Governmental	Total
\$ 2,794,870	\$ 10,659,280	\$ 19,310	\$ -	\$ 79,216,073
254	-	-	138,022	569,183
556,117	2,659,016	-	-	14,022,757
-	-	-	-	1,342,273
316,921	3,828,079	-	3,159,948	11,628,635
-	-	700,804	6,879,826	15,208,760
-	-	710,751	-	1,997,690
<u>\$ 3,668,162</u>	<u>\$ 17,146,375</u>	<u>\$ 1,430,865</u>	<u>\$ 10,177,796</u>	<u>\$ 123,985,371</u>
\$ 11,851	\$ 43,184	\$ 98,318	\$ 552,802	\$ 6,874,651
-	-	-	17,185	24,641
-	-	595,272	4,169,890	39,061,111
-	-	-	-	4,333,333
-	-	353,505	3,877	1,792,746
<u>11,851</u>	<u>43,184</u>	<u>1,047,095</u>	<u>4,743,754</u>	<u>52,086,482</u>
-	-	357,246	-	1,644,185
-	-	-	-	35,465,512
-	-	-	-	2,250,000
-	-	-	-	1,000,000
-	-	-	-	1,500,000
-	-	-	-	1,715,000
-	-	-	-	420,456
-	-	-	-	22,066,289
3,656,311	17,103,191	26,524	5,434,042	26,220,068
-	-	-	-	(20,382,621)
<u>3,656,311</u>	<u>17,103,191</u>	<u>383,770</u>	<u>5,434,042</u>	<u>71,898,889</u>
<u>\$ 3,668,162</u>	<u>\$ 17,146,375</u>	<u>\$ 1,430,865</u>	<u>\$ 10,177,796</u>	<u>\$ 123,985,371</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005

Total Fund Balances at June 30, 2005 - Governmental Funds		\$ 71,898,889
Cost of capital assets at June 30, 2005	\$ 296,695,834	
Less: Accumulated depreciation as of June 30, 2005:		
Buildings	(82,407,810)	
Movable property	<u>(25,835,327)</u>	188,452,697
Consolidation of internal service funds		6,315,871
Elimination of interfund assets and liabilities		
Due from other funds	(29,170,477)	
Due to other funds	<u>29,170,477</u>	-
Long-term liabilities at June 30, 2005		
Notes payable	(1,718,182)	
Compensated absences payable	<u>(15,121,530)</u>	<u>(16,839,712)</u>
Total net assets at June 30, 2005 - Governmental Activities		<u>\$ 249,827,745</u>

The accompanying notes to the basic financial statements are an integral part of this statement.



EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FISCAL YEAR ENDED JUNE 30, 2005

	<u>General</u>	<u>Title I</u>	<u>Proposition 1 Capital Projects</u>	<u>Proposition 2 Discipline</u>
<u>REVENUES</u>				
Local sources:				
Ad valorem taxes	\$ 92,686,621	\$ -	\$ -	\$ -
Sales and use taxes	68,399,106	-	30,828,621	4,834,962
Earnings on investments	1,174,840	-	224,581	79,940
Extended day program tuition	498,571	-	-	-
Other	3,708,854	-	-	-
State sources:				
Unrestricted grants-in-aid, MFP	119,317,378	-	-	-
Revenue sharing	3,722,441	-	-	-
Restricted grants-in-aid	3,144,763	-	-	-
Federal grants	554,808	18,604,811	-	-
TOTAL REVENUES	293,207,382	18,604,811	31,053,202	4,914,902
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular education programs	99,170,538	-	-	3,455,521
Special education programs	46,891,454	-	-	51,339
Other education programs	12,022,915	13,668,719	-	-
Support:				
Pupil support services	14,850,991	109,444	-	941,381
Instructional staff services	7,950,764	2,101,147	-	135,008
General administration services	8,769,743	1,837	309,827	48,456
School administration services	16,414,181	-	-	159,163
Business and central services	9,003,468	353,021	769,461	-
Plant operations and maintenance	37,235,049	431,815	8,721,224	270,530
Transportation	20,836,495	93,943	-	24,410
Child nutrition	-	-	-	-
Appropriation-Charter schools	2,632,223	-	-	-
Settlement agreement	7,587,358	-	-	-
Facility acquisition and construction	-	-	23,208,315	-
Debt service - Principal	337,106	500,000	-	-
Debt service - Interest	5,610	-	-	-
TOTAL EXPENDITURES	283,707,895	17,259,926	33,008,827	5,085,808
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,499,487	1,344,885	(1,955,625)	(170,906)

The accompanying notes to the basic financial statements are an integral part of this statement.

<u>Proposition 3 Compensation</u>	<u>Child Nutrition</u>	<u>Other Non-major Governmental</u>	<u>Total</u>
\$ -	\$ -	\$ 1,526,084	\$ 94,212,705
24,794,219	-	-	128,856,908
327,930	2,885	-	1,810,176
-	-	-	498,571
-	3,962,803	968,591	8,640,248
-	3,395,000	-	122,712,378
-	-	-	3,722,441
-	-	6,206,390	9,351,153
-	17,600,993	21,439,445	58,200,057
<u>25,122,149</u>	<u>24,961,681</u>	<u>30,140,510</u>	<u>428,004,637</u>
11,041,901	-	1,642,668	115,310,628
4,577,820	-	5,444,728	56,965,341
892,384	-	15,307,914	41,891,932
1,675,326	-	2,120,930	19,698,072
826,417	-	3,437,408	14,450,744
265,258	-	-	9,395,121
1,161,582	-	120,904	17,855,830
546,452	-	384,695	11,057,097
25,243	-	173,539	46,857,400
1,151,320	-	947,056	23,053,224
-	25,953,662	-	25,953,662
-	228,768	-	2,860,991
-	-	-	7,587,358
-	-	-	23,208,315
-	-	-	837,106
-	-	-	5,610
<u>22,163,703</u>	<u>26,182,430</u>	<u>29,579,842</u>	<u>416,988,431</u>
<u>2,958,446</u>	<u>(1,220,749)</u>	<u>560,668</u>	<u>11,016,206</u>

(continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FISCAL YEAR ENDED JUNE 30, 2005

	<u>General</u>	<u>Title I</u>	<u>Proposition 1 Capital Projects</u>	<u>Proposition 2 Discipline</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	2,872,330	-	2,385,000	-
Transfers out	(6,710,000)	(1,344,885)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,837,670)	(1,344,885)	2,385,000	-
<u>NET CHANGE IN FUND BALANCES</u>	5,661,817	-	429,375	(170,906)
Fund balances, June 30, 2004	28,452,154	-	10,778,229	3,827,217
FUND BALANCES, JUNE 30, 2005	<u>\$ 34,113,971</u>	<u>\$ -</u>	<u>\$ 11,207,604</u>	<u>\$ 3,656,311</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

<u>Proposition 3 Compensation</u>	<u>Child Nutrition</u>	<u>Other Non-Major Governmental</u>	<u>Total</u>
-	375,000	3,950,000	9,582,330
-	(76,500)	(1,450,945)	(9,582,330)
-	298,500	2,499,055	-
2,958,446	(922,249)	3,059,723	11,016,206
14,144,745	1,306,019	2,374,319	60,882,683
<u>\$ 17,103,191</u>	<u>\$ 383,770</u>	<u>\$ 5,434,042</u>	<u>\$ 71,898,889</u> (concluded)

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2005

Net Change in Fund Balances - Total Governmental Funds		\$ 11,016,206
Capital Assets:		
Capital outlay and other expenditures capitalized	\$ 23,690,829	
Depreciation expense for year ended June 30, 2005	<u>(10,128,832)</u>	13,561,997
Loss on disposition of capital assets		(205,368)
Proceeds from the sale of capital assets in excess of net gain/loss recognized		(676,652)
Change in net assets of internal service funds		10,072,563
Long Term Debt:		
Principal portion of debt service payments	821,441	
Excess of compensated absences earned over amounts used	<u>(457,410)</u>	<u>364,031</u>
Change in Net Assets - Governmental Activities		<u>\$ 34,132,777</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
PROPRIETARY FUNDS - INTERNAL SERVICE
BALANCE SHEET
JUNE 30, 2005

	<u>Internal Service Funds</u>
<u>ASSETS</u>	
Current:	
Cash and cash equivalents	\$ 3,000,225
Due from other funds	17,541,842
Reimbursements receivable	<u>298,164</u>
TOTAL ASSETS	<u><u>\$ 20,840,231</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Current:	
Accounts payable	\$ 441,857
Claims payable	<u>14,082,503</u>
TOTAL LIABILITIES	<u>14,524,360</u>
Net Assets:	
Unrestricted	<u>6,315,871</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 20,840,231</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
PROPRIETARY FUNDS - INTERNAL SERVICE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2005

	<u>Internal Service Funds</u>
<u>OPERATING REVENUES</u>	
Premiums received	<u>\$ 79,668,473</u>
TOTAL OPERATING REVENUES	<u>79,668,473</u>
<u>OPERATING EXPENSES</u>	
Claims expense	64,002,295
Insurance premiums	2,507,199
Administrative fees	<u>3,153,412</u>
TOTAL OPERATING EXPENSES	<u>69,662,906</u>
NET OPERATING INCOME	10,005,567
<u>NON-OPERATING REVENUES</u>	
Interest income	<u>66,996</u>
TOTAL NON-OPERATING REVENUES	<u>66,996</u>
Change in net assets	10,072,563
Net Assets, at June 30, 2004	<u>(3,756,692)</u>
NET ASSETS, AT JUNE 30, 2005	<u><u>\$ 6,315,871</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
PROPRIETARY FUNDS - INTERNAL SERVICE
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2005

	<u>Internal Service Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Cash premiums received	\$ 79,711,099
Cash paid in claims and benefits	(68,892,561)
Cash paid for expenses	(2,818,670)
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,999,868
 <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
Advances to other funds	(8,303,359)
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(8,303,359)
 <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Interest Income	66,996
NET CASH PROVIDED BY INVESTING ACTIVITIES	66,996
NET CHANGE IN CASH	(236,495)
Cash at beginning of year	3,236,720
Cash at end of year	\$ 3,000,225
 <u>Reconciliation of operating income to net cash provided by operating activities</u>	
Operating Income	\$ 10,005,567
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in:	
Reimbursement receivables	42,626
Accounts and claims payable	(2,048,325)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 7,999,868

The accompanying notes to the basic financial statements are an integral part of this statement.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 4,136,388
Accounts receivable	122,838
Due from other funds	<u>9,890,634</u>
 TOTAL ASSETS	 <u>\$ 14,149,860</u>
 <u>LIABILITIES</u>	
Benefits payable	\$ 2,252,809
Salaries payable	5,636,491
Payroll withholdings payable	1,891,188
Amounts held for other groups	<u>4,369,372</u>
 TOTAL LIABILITIES	 <u>\$ 14,149,860</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The East Baton Rouge Parish School System (the School System) is a corporate body created under Louisiana Revised Statutes 17:51. A board consisting of 12 members (the Board) elected from legally established districts is charged with the management and operation of the School System.

The School System is composed of a central office, 91 schools and several support facilities. Student enrollment as of October 2004 was approximately 45,266. The School System employs approximately 6,000 persons, approximately 3,800 of whom are directly involved in the instructional process. The remainder provide ancillary support such as general administration, repair and maintenance, bus transportation and food service. The regular school term normally begins during the first half of August and is completed in the end of May.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School System complies with Generally Accepted Accounting Principles (GAAP). The School System's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The School System applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, to its government-wide financial statements unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. Financial Reporting Entity

The basic criterion established by the Governmental Accounting Standards Board for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary government unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and either the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. The financial statements present the East Baton Rouge Parish School System (the primary government). Based on the aforementioned criteria, there are no component units included in the School System's reporting entity.

B. Basis of Presentation

The School System's *Basic Financial Statements* consist of the government-wide statements on all of the non-fiduciary activities and the fund financial statements (individual major fund and combined non-major fund). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities for all non-fiduciary activities. Interfund activity consists of interfund advances, transfers and charges from the internal service funds to the governmental funds. As a general rule, the effect of interfund activity has been removed from both the statement of net assets and the statement of activities. Exceptions to the general rule are advances between fiduciary funds and the various functions of the School System. The government-wide presentation focuses primarily on the sustainability of the School System as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

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

B. **Basis of Presentation** (continued)

Government-Wide Financial Statements (continued)

All programs of the School System are considered *Governmental Activities* which are normally supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues included in the Statement of Activities are derived from parties outside the School System's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the School System's general revenues.

The School System reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements

The daily accounts and operations of the School System are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in current assets.

The funds of the School System are classified into three broad categories: Governmental, Proprietary and Fiduciary.

Governmental Fund Types:

The School System reports the following governmental funds as major funds:

General Fund - The General Fund is the primary operating fund of the School System. It is used to account for all financial resources except those required to be accounted for in another fund.

Title I Fund - Title I includes programs in the areas of language development, reading, and math. These programs strive to meet the special needs of economically and educationally deprived children through federal funds for teachers, aides, instructional materials, equipment and parental involvement.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

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

B. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

Governmental Fund Types: (continued)

Proposition 1 – Capital Projects Fund – The Proposition 1 Fund accounts for the proceeds of a .51 cent sales tax approved as part of a plan to improve school facilities. The intent of the plan tax is to improve infrastructure in an effort to provide a "safe and dry" environment for the students, staff, and public in the school system.

Proposition 2- Discipline Funds – The Proposition 2 Fund accounts for the proceeds of a .08 cent sales tax approved as part of a plan to improve discipline in the schools. The intent of the plan is to remove disruptive and academically deficient students from the regular education classroom, reduce truancy and provide more effective alternative education.

Proposition 3- Compensation Fund – The Proposition 3 Fund accounts for the proceeds of a .41 cent sales tax approved as part of a plan to improve compensation. The intent of the plan is to improve ability to recruit and retain certified and qualified teachers, assistant principals and principals; to have more productive support employees; and to have the ability to reward performance that meets and/or exceeds standards.

Child Nutrition Fund - The Child Nutrition Fund is used to account for the operations of the school food service program that operates during the regular school term and during the summer break. The basic goals of the school food service program is to serve nutritionally adequate, attractive and moderately priced meals, to help children grow socially and emotionally, to extend educational influences to the homes of school children, and to provide learning experiences that will improve children's food habits with the ultimate goal of physically fit adults.

Proprietary Fund Type:

Internal Service Funds - Internal Service Funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The Workers' Compensation Fund, the Risk Management Fund and the Medical Insurance Fund are reported as Internal Service Funds on a combined basis.

Fiduciary Fund Types:

Agency Funds - Agency Funds are used to account for assets held by the School System as an agent for individuals, private organizations or other governmental units and/or other funds. The School System employs two separate Agency Funds, one fund accounts for the transactions of the student activity accounts maintained at the schools, and another accounts for voluntary and mandatory payroll withholdings.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

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

C. **Basis of Accounting/Measurement Focus**

Government-Wide Financial Statements (GWFS)

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Sales taxes are recognized when the underlying sales transactions occur. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Proprietary Fund type is accounted for on a flow of economic resources measurement focus (accrual basis). With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Proprietary Fund type's operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Agency Funds have no measurement focus, but follow the accrual basis of accounting.

Governmental Funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The following paragraphs describe the revenue recognition practices under the modified accrual basis of accounting:

Revenues

Governmental Fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Charges for services, fines and forfeits, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. The School System's definition of available means expected to be received within sixty days of the end of the fiscal year.

Non-exchange transactions, in which the School System received value without directly giving value in return, includes sales tax, property tax, grants, entitlements, and donations. Property taxes are considered measurable in the calendar year of the tax levy and are recognized as revenue if collected soon enough to meet the availability criteria. Sales taxes are considered "measurable" when the underlying transaction occurs and are recognized as revenue if collected soon enough to the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

Internal Service Funds consist solely of those established to account for self-insurance programs. Premium revenues are considered operating revenues while all other revenues are non-operating.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

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

C. **Basis of Accounting/Measurement Focus** (continued)

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. *Costs of accumulated unpaid vacation, sick leave and other employee benefit amounts are reported in the period due and payable rather than the period earned by employees, and general long-term obligations principal and interest payments are recognized only when due.*

D. **Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year end in the Governmental Funds Balance Sheet are reported as reservations of fund balance. These outstanding encumbrances are added to the budget in the subsequent year and are reported as expenditures when incurred.

E. **Cash and Cash Equivalents**

Cash and cash equivalents include interest-bearing demand deposits and short-term investments (usually time certificates of deposit, investments in the Louisiana Asset Management Pool, with a maturity date within three (3) months of the date of acquisition).

State statutes authorize the School System to invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

The School System maintains four checking accounts, exclusive of the individual schools' bank accounts, with the School System's fiscal agent bank. These four accounts are the consolidated cash account and three interest bearing imprest accounts for disbursements of payrolls, disbursements to vendors, and health care providers.

Interest earned on investments is distributed to the individual funds based on the invested balance of the participating fund during the year.

F. **Inventory**

Government-Wide Level

Inventory is stated at average cost and consists of expendable supplies held for consumption. The costs of inventory items are recognized as expenses when used.

Fund Level

Inventory of the general fund is stated at average cost and consists of expendable supplies held for consumption. The costs of inventory items are recognized as expenditures when used. The reportable inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of total assets.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

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

F. **Inventory** (continued)

Fund Level (continued)

Inventory of the Child Nutrition Special Revenue Fund consists of food purchased by the School System and commodities granted by the United States Department of Agriculture (USDA) through the Louisiana Department of Agriculture and Forestry. Inventory items purchased are valued at average cost. Costs are recorded as expenditures at the time individual items are consumed (consumption method). Commodities are assigned values based on information provided by the USDA, also on average cost basis. The amount of commodity inventory is included in deferred revenue until consumed.

G. **Capital Assets**

All capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The School System maintains threshold levels for capitalizing capital assets as follows:

Movable capital assets with a cost of \$5,000 or more per unit.

All land and land improvements with a cost of \$25,000 or more.

Buildings and building improvements that extend the useful life of a building with a cost of \$25,000 or more.

Capital assets are recorded in the GWFS, but are not reported in the FFS. All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School System, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 5 to 20 years for equipment, 10 to 20 years for building and land improvements, and 25 to 50 years for buildings.

H. **Reserves and Designations**

Portions of fund balances are reserved for future use and, therefore, are not available for appropriation or expenditure. Designations of unreserved fund balances in Governmental Fund types indicate the School System's plans for the use of financial resources in a future period.

I. **Interfund Transactions**

During the course of normal operations, the School System has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying fund financial statements generally reflect such transactions as transfers.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

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

J. **Compensated Absences**

Teachers and other school employees accrue from 10 to 12 days of sick leave per year depending upon the number of months worked. Sick leave may be accumulated without limitation. Upon employees' death or retirement, unused accumulated sick leave of up to 25 days is paid to employees or their heirs at the employees' current rate of pay. The accrual computation for earned sick leave is calculated on a 25-day maximum per employee. Sick leave is not payable upon discharge or termination (non-retirement). Upon retirement, accumulated sick leave may be used in the retirement benefit computation as earned service. Extended sick leave will be paid at 65% of salary with a maximum of 90 days allowed every six years for teachers and bus drivers. Extended sick leave for all other employees will be paid at 50% of salary with a maximum of 25 days annually.

All 12-month employees earn from 10 to 20 days of annual vacation leave per year depending on length of service with the School System. Such leave is credited on a pro rata basis at the end of each payroll reporting period and accumulates. A maximum of 400 hours of unused annual leave is carried over to future periods and may be paid to the employee upon termination of employment.

All amounts reported are salary related, and include no fringe benefits since the amount of said benefits would be immaterial.

Sabbatical leave may be granted for medical/professional. Any employee with a professional teaching certificate is entitled, subject to approval by the School System, to one (1) semester of sabbatical leave after three (3) years of continuous services, or two (2) semesters of sabbatical leave after six (6) or more years of continuous service. Continuous service must be as an employee of the School System. Sabbatical leave will be paid at 65% of salary. Sabbatical leave, which involves professional and cultural improvement, provides a continuing benefit to the employer and should not be accrued. Since sabbatical leave for medical purposes requires a doctor's certificate prior to being granted, it is similar to an extended sick leave benefit and should not be accrued as sabbatical leave benefits. Consequently, sabbatical leave benefits are recorded as current expenditures (in the FFS) in the period paid.

K. **Estimates**

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

L. **Non-Operating and Operating Revenues – Proprietary Funds**

Premium revenues, claims expenses and administrative costs customarily associated with self-insurance programs are accounted for as operating revenues and expenses. Interest income is reported as non-operating revenues.

M. **Reclassification**

Certain amounts in the 2004 Statement of Net Assets have been reclassified to conform to the current year's presentation.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

3. **DEPOSITS AND INVESTMENTS**

Under Louisiana R.S. 33:2955, as amended, the School System may invest in obligations of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposit, Louisiana Asset Management Pool (LAMP), and other investments as provided in the statute. The School System adopted Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, during the fiscal year ended June 30, 2005.

Deposits and investments at June 30, 2005 were as follows:

	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Major Governmental Funds:			
General Fund	\$ 58,884,694	\$ 10,954	\$ 58,895,648
Proposition 1 Capitol Projects Fund	6,686,000	160,965	6,846,965
Proposition 2 Discipline Fund	2,785,000	9,870	2,794,870
Proposition 3 Compensation Fund	9,798,000	861,280	10,659,280
Child Nutrition Fund	19,310	-	19,310
Subtotal – Major Governmental Funds	<u>78,173,004</u>	<u>1,043,069</u>	<u>79,216,073</u>
Fiduciary Fund Types:			
Consolidated Payroll	4,136,388	-	4,136,388
Proprietary Fund Types:			
Workmen's Compensation Fund	3,000,000	-	3,000,000
Group Health Insurance	225	-	225
Subtotal – Proprietary Fund Types	<u>3,000,225</u>	<u>-</u>	<u>3,000,225</u>
TOTAL	<u>\$ 85,309,617</u>	<u>\$ 1,043,069</u>	<u>\$ 86,352,686</u>

Deposits

Custodial credit risk for deposits is the risk that in the event of financial institution failure, the School System's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. The School System had no custodial credit risk as of June 30, 2005.

Securities that may be pledged as collateral consist of obligations of the U.S. Government and its agencies, obligations of the State of Louisiana and its municipalities and school districts.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

3. **DEPOSITS AND INVESTMENTS** (continued)

Investments

Investments held at June 30, 2005 consist of \$1,043,069 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP at June 30, 2005 is not categorized into the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's Investment Guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivision of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School System's investment policy requires application of the prudent-person rule. The policy states that all investments *shall be made with the exercise of that judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived.* The School System's investment policy limits investments to those discussed earlier in this section. LAMP has a Standard & Poor's Rating of AAAm.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

4. **AD VALOREM TAXES**

Ad valorem taxes were levied by the School System on June 24, 2004 for the calendar year 2005, based on the assessed valuation of property as of January 1 of the calendar year. The taxes become due on December 1 of each year, and become delinquent on December 31. However, before the taxes can be collected, the assessment list (tax roll) must be submitted to the Louisiana Tax Commission for approval. From the day the tax roll is filed in the parish Clerk of Court's Office, it shall act as a lien on each specific piece of real estate thereon assessed, which shall be subject to a legal mortgage after the 31st day of December of the current year for the payment of the tax due on it. The taxes are generally collected in December, January, and February of the fiscal year. A list of property on which taxes have not been paid is published in the official journal by the East Baton Rouge Parish Tax Collector Office, which is a division of the East Baton Rouge Parish Sheriff's Department. If taxes are not paid within the period stipulated in the public notice, the property is sold for taxes due at a tax sale, usually held prior to the end of the School System's fiscal year.

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expires</u>
Parishwide taxes:			
Constitutional tax	5.25	5.25	Not applicable
Special maintenance tax	1.04	1.04	2006
Special tax – additional aid to public schools	6.50	6.50	2013
Special tax – additional teachers	2.78	2.78	2014
Special tax – employee salaries and benefits	1.86	1.86	2014
Special tax – employee salaries and benefits	7.14	7.14	2008
Special tax – replacing reduced state and local receipts	4.98	4.98	2007
Special tax – employee salaries and benefits	5.99	5.99	2006
Special tax – employee salaries and benefits	7.19	7.19	2013
Special tax – support ADAPP	.72	.72	2006

Under the Louisiana Constitution, ad valorem taxes other than Constitutional and Bond taxes must be renewed by popular vote every ten (10) years.

All property taxes are recorded in the General and Alcohol and Drug Abuse Funds on the basis explained in Note 2C. Revenues in such funds are recognized in the accounting period in which they become measurable and available. Property taxes are considered measurable in the calendar year of the tax levy. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. Available means due, or past due, and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The remaining property taxes receivable are considered available because they are substantially collected within 60 days subsequent to year end.

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, there is no allowance for uncollectible taxes.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

5. **CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2005 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,352,161	\$ -	\$ -	\$ 8,352,161
Construction in progress	<u>17,975,655</u>	<u>16,797,310</u>	<u>(17,975,655)</u>	<u>16,797,310</u>
Total capital assets, not being depreciated	<u>26,327,816</u>	<u>16,797,310</u>	<u>(17,975,655)</u>	<u>25,149,471</u>
Capital assets, being depreciated:				
Buildings and improvements	215,978,874	24,435,456	(726,583)	239,687,747
Machinery and equipment	<u>32,861,312</u>	<u>433,719</u>	<u>(1,436,415)</u>	<u>31,858,616</u>
Total capital assets, being depreciated	248,840,186	24,869,175	(2,162,998)	271,546,363
Total capital assets	275,168,002	41,666,485	(20,138,653)	296,695,834
Less accumulated depreciation for:				
Buildings and improvements	(74,444,555)	(8,030,200)	66,945	(82,407,810)
Machinery and equipment	<u>(24,950,728)</u>	<u>(2,098,632)</u>	<u>1,214,033</u>	<u>(25,835,327)</u>
Total accumulated depreciation	<u>(99,395,283)</u>	<u>(10,128,832)</u>	<u>1,280,978</u>	<u>(108,243,137)</u>
Total capital assets, being depreciated, net	<u>149,444,903</u>	<u>14,740,343</u>	<u>(882,020)</u>	<u>163,303,226</u>
Governmental activities capital assets, net	<u>\$175,772,719</u>	<u>\$ 31,537,653</u>	<u>\$(18,857,675)</u>	<u>\$188,452,697</u>

Net depreciation expense for the year ended June 30, 2005 was charged to the following governmental functions:

Instruction:	
Regular education programs	\$ 8,056,017
Special education programs	46,315
Other educational programs	227,085
Support:	
Instructional staff services	93,825
General administration services	0
Business and central services	125,759
Plant operations and maintenance	13,228
Transportation	1,335,898
Child nutrition	<u>230,705</u>
	<u>\$ 10,128,832</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLANS

Plan Description - Substantially all School System employees participate in either the Teachers' Retirement System or the School Employees' Retirement System (the Systems), which are cost-sharing, multiple-employer public employee retirement systems. Each system is administered and controlled at the State level by a separate board of trustees with contribution rates and benefit provisions approved by the Louisiana Legislature. Participation in the Teachers' Retirement System is divided into two plans - the Teachers' Regular Plan and the Teachers' Plan A. Five years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits under each plan.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing or calling:

Teachers Retirement System - 8401 United Plaza Blvd.
P. O. Box 94123
Baton Rouge, Louisiana 70804-9123
(225) 925-6446

School Employees' Retirement System - 8660 United Plaza Blvd.
Baton Rouge, LA 70804
(225) 925-6484

Funding Policy - Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2005, for the School System and covered employees were as follows:

	<u>School System</u>	<u>Employees</u>
Teachers' Retirement System:		
Regular Plan	15.5%	8.00%
Plan A	15.5%	9.10%
School Employees' Retirement System	14.8%	7.50%

As provided by Louisiana Revised Statute 11:103, the School System's 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 contributions made to the Systems for the past three fiscal years, which substantially equaled the required contributions for each of these years, were as follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Teachers' Retirement System:			
Regular Plan	\$ 25,022,499	\$ 23,515,653	\$ 24,167,584
Plan A	286,703	367,212	370,361
School Employees' Retirement System	1,408,758	1,594,568	-

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

7. POST EMPLOYMENT BENEFITS

The School System provides certain post-employment health care and life insurance benefits to its retired employees. Substantially all of the School System's employees may become eligible for such benefits upon reaching retirement age. Retirees contribute 12% and 21% of the retiree only coverage for the basic core and premium buy-up plans, respectively, and one-half of the cost of dependent coverage. The cost of retirement health care is recognized as expenditure as premiums are paid. For fiscal year 2005, the School System's cost for providing all health care and life insurance benefits to the 4,499 retired employees and their dependents amounted to \$30,785,368.

The School System has a continuing future obligation for life insurance and health care benefits for retired teachers and noninstructional employees and their dependents. This future liability is not funded but will be payable by the General Fund out of future years' operations. Although actuarial consultants estimated that this future liability is significant, current generally accepted accounting principles as set forth by the Governmental Accounting Standards Board do not require the recording of this liability in the basic financial statements.

8. LONG-TERM OBLIGATIONS

The following is a summary of the changes in general long-term obligations for the year ended June 30, 2005:

	<u>Compensated Absences</u>	<u>Notes Payable</u>	<u>Capital Lease</u>	<u>Total</u>
Balance at July 1, 2004	\$ 14,664,120	\$ 1,881,819	\$ 657,804	\$ 17,203,743
Additions	6,663,480	-	-	6,663,480
Deductions	(6,206,070)	(163,636)	(657,804)	(7,027,510)
Balance at June 30, 2005	<u>\$ 15,121,530</u>	<u>\$ 1,718,183</u>	<u>\$ -</u>	<u>\$ 16,839,713</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2005:

	<u>Compensated Absences</u>	<u>Notes Payable</u>	<u>Capital Lease</u>	<u>Total</u>
Current	\$ 2,689,218	\$ 163,637	\$ -	\$ 2,852,855
Long-Term	12,432,312	1,554,546	-	13,986,858
Total	<u>\$ 15,121,530</u>	<u>\$ 1,718,183</u>	<u>\$ -</u>	<u>\$ 16,839,713</u>

The majority of the compensated absence liability is liquidated through the General Fund, Title I, Child Nutrition and Proposition 3 funds, as these funds expend a majority of the payroll.

For the purpose of renovations, the School System issued \$2,250,000 of interest free notes payable through the federally sponsored Qualified Zone Academy Bond Program during the year ended June 30, 2002. Principal payments in the amount of \$40,909 are scheduled quarterly over a 15 year period ending November 1, 2016.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

8. **LONG-TERM DEBT** (continued)

The payments due under the terms of the notes payable as of June 30th are scheduled to occur as follows:

	Payment Amount
2006	\$ 163,636
2007	163,636
2008	163,636
2009	163,636
2010	163,636
2011-2015	818,182
2016	81,821
	\$ 1,718,183

In accordance with LSA-R.S. 39:562(L), the School System is legally restricted from incurring long-term bonded debt in excess of 25 percent of the assessed value of taxable property (including homestead exempt and nonexempt property) within the parish. At June 30, 2005, the statutory limit is \$721,258,915.

9. **SHORT-TERM DEBT**

The School System issues revenue anticipation notes in advance of property tax collections, depositing the proceeds in its General Fund. These notes are necessary because the School System's Ad Valorem tax collections are received primarily in December-March. The notes were issued in October, 2004, at interest rate of 1.89% and were repaid in March, 2005.

Short-term debt activity for the year ended June 30, 2005, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Revenue anticipation notes	\$ -0-	\$ 5,000,000	(\$ 5,000,000)	\$ -0-

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

10. DUE TO/FROM OTHER FUNDS

The School System's consolidated cash account holds the cash of all funds. As a result, negative cash balances occur in certain funds and are in essence "financed" by the General Fund. Positive book cash balances are displayed on the Governmental Funds balance sheet as "Due from other funds", while negative cash balances are included in "Due to other Funds" on the Governmental Funds balance sheet.

Individual balances due to/from other funds at June 30, 2005, which represent short-term loans, are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Governmental Funds:		
General Fund	\$ -	\$ (29,176,899)
Title I Fund	-	(5,119,050)
Proposition 1 Capitol Projects Fund	4,323,687	-
Proposition 2 Discipline Fund	316,921	-
Proposition 3 Compensation Fund	3,828,079	-
Child Nutrition Fund	-	(595,272)
Subtotal – Major Governmental Funds	<u>8,468,687</u>	<u>(34,891,221)</u>
Non-Major Governmental Funds:		
Title IV	-	(75,812)
Title II	-	(973,573)
Title V	-	(77,884)
Special Education	-	(2,281,724)
Gear-Up Baton Rouge	-	(215,491)
Alcohol and Drug Abuse	523,703	-
Career and Technical Education	-	(279,141)
Continuing Education	-	(145,888)
Temporary Assistance for Needy Families	538,788	-
Local Foundations	566,076	-
Direct Federal Programs	-	(61,854)
Summer School	295,473	-
WBRH Radio Station Training Program	180,118	-
Serve! Baton Rouge	-	(34,770)
State Grants	1,055,790	-
Learn and Serve America	-	(1,666)
Technology Literacy Challenge (Title III)	-	(22,087)
Subtotal – Non-Major Governmental Funds	<u>3,159,948</u>	<u>(4,169,890)</u>
Fiduciary Fund Types:		
Consolidated Payroll	9,890,634	-
Proprietary Fund Types:		
Workmen's Compensation Fund	551,918	-
Risk Management	14,666,154	-
Group Health Insurance	<u>2,323,770</u>	<u>-</u>
TOTAL	<u>\$ 39,061,111</u>	<u>\$ (39,061,111)</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

11. LITIGATION AND CONTINGENCIES

The School System is a defendant in several workers' compensation, personal injury and certain personnel action lawsuits. Management and legal counsel for the School System believe that the potential claims against the School System not covered by insurance would not materially affect the System's financial position.

Settlement Agreement

On August 14, 2003, U.S. District Judge James Brady signed the order ending the 47-year old School System desegregation case. The parties in the case were the School System, the Baton Rouge branch of the National Association for the Advancement of Colored People (NAACP), the original plaintiffs, and the U.S. Justice Department. The Judge dismissed all objections at the fairness hearing and approved the final Settlement Agreement signed by the parties in the case. The settlement ends the case, but commits the School Board to continue several desegregation tools for four years. During the year ended June 30, 2005, the School Board expended the following amounts in complying with the Settlement Agreement:

Time Out Room Moderators	\$ 628,840
Textbooks	22,830
Instructional Equity Account	785,238
Racially Identifiable Black Schools (Y-Factor)	2,261,981
Facility Enhancements	109,720
New Magnet Programs	3,759,690
Facility Remediation	<u>19,058</u>
	<u>\$ 7,578,357</u>

The School System may be liable for certain legal fees and costs related to the prosecution of the litigation by attorneys for the plaintiffs in this case. Provision has been made in the financial statements for this potential liability.

Federal Grants

In the normal course of operations, the School System receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

12. COMMITMENTS

At June 30, 2005, the School System had construction commitments of approximately \$31.6 million. The majority of these commitments will ultimately be paid out of the Proposition 1 Capital Projects Fund.

In March 2004, the School System privatized its maintenance and janitorial functions. The School System entered into a management services agreement with a privately owned company to assume maintenance services for the School System's facilities. The management services agreement includes a financial commitment from the company of \$5,000,000, which is to be used by the School System to cover certain maintenance costs. This commitment amount has been received by the School System and is being amortized on a straight-line basis over a period of ten years. Upon termination of the management services agreement by either party, for any reason, the School System must reimburse the company for the unamortized portion of the financial commitment. As of June 30, 2005, the unamortized portion of the financial commitment was approximately \$4.3 million and is recorded as a deferred financial commitment in the School System's basic financial statements.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

13. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2005, were as follows:

	<u>Transfers From:</u>				
	<u>General Fund</u>	<u>Title I Fund</u>	<u>Child Nutrition Fund</u>	<u>Non-major Governmental</u>	<u>Total</u>
<u>Transfers To:</u>					
General Fund	\$ -	\$ 1,344,885	\$ 76,500	\$ 1,450,945	\$ 2,872,330
Proposition 1 Capital Projects Fund	2,385,000	-	-	-	2,385,000
Child Nutrition	375,000	-	-	-	375,000
Non-major Governmental	3,950,000	-	-	-	3,950,000
Total	<u>\$ 6,710,000</u>	<u>\$ 1,344,885</u>	<u>\$ 76,500</u>	<u>\$ 1,450,945</u>	<u>\$ 9,582,330</u>

Transfers between funds generally consist of two types: 1) Transfers to the general fund from the special revenue funds for indirect cost reimbursements; 2) Transfers from the general fund to other programs to provide supplemental local funds for program operations.

14. SUBSEQUENT EVENTS

In October, 2005, the School Board borrowed \$5,000,000 from the Louisiana Public Facility Authority. Due to the cyclical nature of ad valorem tax revenues, this amount was borrowed to provide short-term financing of operating requirements. The loan bears interest at an annual rate of 2.97%. These borrowings are due to be repaid in entirety of principal plus interest in March, 2006.

In August and September of 2005, south Louisiana was severely affected by Hurricanes Katrina and Rita, respectively. The School System did not suffer significant damage to its physical plant during Katrina; however, the heavy rains from Rita caused significant roof damage at two facilities. The School System processed approximately 10,000 applications and enrolled 5,885 students displaced from other affected areas. Due to the increased student population and the uncertainty about funding sources, the impact on the School System's basic financial statements is not known at this time.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

15. **RISK MANAGEMENT**

The School System is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; workers' compensation and health insurance for its employees. The School System uses excess insurance to reduce its exposure to large losses on insured events. The School System does not report risks covered by excess insurance as liabilities unless it is probable that those risks will not be covered by excess insurance carriers. Settlements did not exceed excess insurance coverage for each of the past three fiscal years.

The School System has established the following internal service funds to account for and finance these uninsured risks of loss:

a. **Workers' Compensation Fund**

The Workers' Compensation Fund accounts for the School System's workers' compensation claims. The workers' compensation limit for each accident is the statutory amount. The School System's self-insured retention is \$300,000 per accident.

b. **Risk Management Fund**

The Risk Management Fund accounts for the School System's property, general liability and automobile liability. The School System has self-insured retention of \$250,000 per property occurrence and self-insured retention of \$500,000 per general liability and automobile occurrence. Currently, the maximum cumulative amount of self-retention which could be paid by the School System in any one year is unlimited. The School System has purchased commercial insurance for claims in excess of the self-insured retention levels from commercial insurance carriers with a \$1,000,000 per occurrence limit.

c. **Medical Insurance Fund**

The Medical Insurance Fund accounts for the School System's group health insurance program for its active and retired employees. A maximum lifetime benefit of \$2,000,000 per employee is allowed.

A reconciliation of the unpaid claims liability as of June 30 follows:

	2005			
	Workers' Compensation Fund	Risk Management Fund	Medical Insurance Fund	Total
Unpaid claims as of July 1, 2004	\$ 2,604,869	\$ 3,345,573	\$ 10,515,128	\$ 16,465,570
Current year claims incurred and changes in estimates	2,221,079	2,145,727	62,142,688	66,509,494
Claims paid	(2,043,635)	(2,413,565)	(64,435,361)	(68,892,561)
Unpaid claims as of June 30, 2005	<u>\$ 2,782,313</u>	<u>\$ 3,077,735</u>	<u>\$ 8,222,455</u>	<u>\$ 14,082,503</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

15. **RISK MANAGEMENT** (continued)

	2004			
	Workers' Compensation Fund	Risk Management Fund	Medical Insurance Fund	Total
Unpaid claims as of July 1, 2003	\$ 2,397,980	\$ 3,278,022	\$ 10,015,181	\$ 15,691,183
Current year claims incurred and changes in estimates	1,938,501	1,132,994	66,156,637	69,228,132
Claims paid	(1,731,612)	(1,065,443)	(65,656,690)	(68,453,745)
Unpaid claims as of June 30, 2004	<u>\$ 2,604,869</u>	<u>\$ 3,345,573</u>	<u>\$ 10,515,128</u>	<u>\$ 16,465,570</u>

The above unpaid claims as of June 30 include amounts for claims incurred but not yet reported, as determined from actual claims paid subsequent to year-end as well as an estimate based upon historical lag trends.

16. **DEFICIT FUND EQUITY**

The Risk Management Fund's deficit balance as of June 30, 2005 in net assets is \$786,896, resulting from larger than expected claims liabilities.

17. **RESTRICTED NET ASSETS**

Restricted net assets consist primarily of amounts authorized by the electorate for capital improvements, compensation, and school discipline initiatives.

18. **EDUCATION EXCELLENCE FUND**

Pursuant to Act #161 of the 2002 First Extraordinary Session of the Legislature, the State of Louisiana established the Education Excellence Fund (EEF) for the oversight, appropriation, and disposition of proceeds from the tobacco settlements. These funds are dedicated for use in educational programs, and are available to local school districts, subject to the approval of an expenditure plan by the Louisiana Department of Education. The funds are held and invested by the Treasurer of the State of Louisiana on behalf of local school districts and are disbursed in accordance with approved expenditure plans. At June 30, 2005, the School System's EEF funds invested through the Treasurer totaled approximately \$4.4 million. These funds are recognized as revenue to the School Board upon submission and subsequent approval of an annual expenditure plan. The School System expended approximately \$236,000 during the 2004-2005 fiscal year in accordance with its respective expenditure plan.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO BASIC FINANCIAL STATEMENTS

19. **DEFERRED REVENUES**

Deferred revenues at June 30, 2005 were as follows:

Major Governmental Funds:	
General Fund:	
State retirement supplement	\$ 1,205,272
Ad valorem taxes paid in protest	230,092
Child Nutrition Fund:	
USDA commodities	353,505
Subtotal – Major Governmental Funds	<u>1,788,869</u>
Non-major Governmental Funds:	
Alcohol and Drug Abuse:	
Miscellaneous other	3,877
	<u>3,877</u>
TOTAL	<u>\$ 1,792,746</u>

In response to increased retirement contribution costs borne by local education agencies, the State of Louisiana appropriated a retirement supplement to the School System in the amount of \$1,205,272 to offset retirement costs for the 2005-2006 fiscal year. Accordingly, the School System has recorded the amount as deferred revenue at June 30, 2005.

Under a revised state law, ad valorem tax collectors are required to remit all taxes collected in protest to the taxing authority. If a protest is settled in favor of the taxpayer, the funds must be refunded to the taxpayer. The School System defers all such collections until final settlement in favor of the School System occurs.

USDA commodities represent commodities received from the U.S. Department of Agriculture. Recognition is deferred until use.

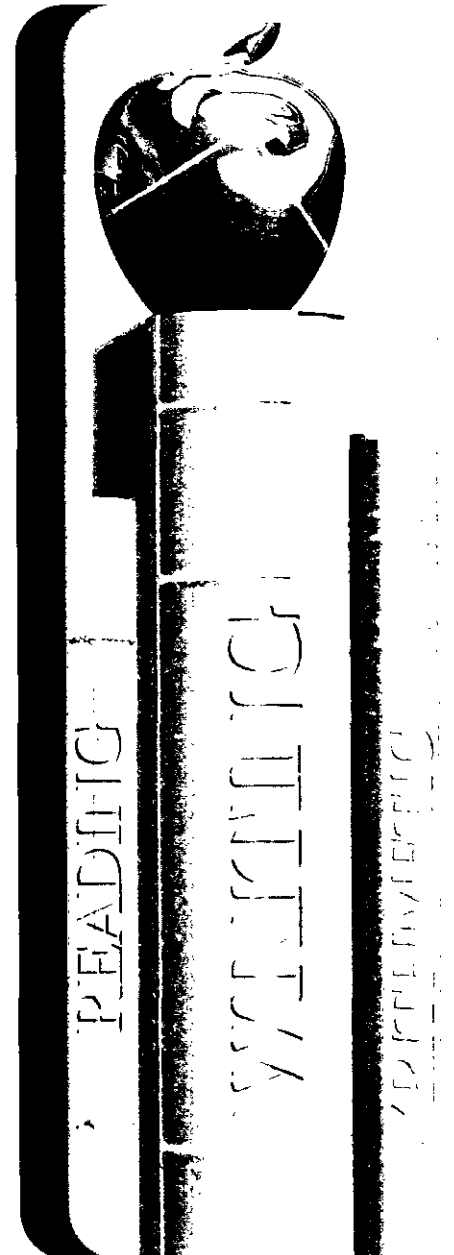
Comprehensive Annual Financial Report

Required Supplemental Information *Part 2*

EBR



The School System of Choice with High Expectations for All



EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

BUDGETARY COMPARISON SCHEDULES
MAJOR FUND DESCRIPTIONS

Budgetary comparison schedules are reported for the following General and Special Revenue Funds:

GENERAL FUND

The General Fund accounts for all financial transactions except those required to be accounted for in another fund.

TITLE I FUND

Title I includes programs in the areas of language development, reading, and math. These programs strive to meet the special needs of economically and educationally deprived children through federal funds for teachers, aides, instructional materials, equipment and parental involvement.

PROPOSITION 2 - DISCIPLINE FUND

Proposition 2 is a locally funded initiative to improve discipline. The intent is to remove disruptive and academically deficient students from the regular education classroom, reduce truancy and provide more effective alternative education.

PROPOSITION 3 - COMPENSATION FUND

Proposition 3 is a locally funded initiative to improve compensation. The intent is to improve ability to recruit and retain certified and qualified teachers, assistant principals and principals; to have more productive support employees; and to have the ability to reward performance that meets and/or exceeds standards.

CHILD NUTRITION FUND

The *Child Nutrition Fund* is used to account for the operations of the school food service program in the parish school system during the regular school term and during the summer break. The basic goals of the school food service program are to serve nutritionally adequate, attractive and moderately priced meals, to help children grow socially and emotionally, to extend educational influences to the homes of school children, and to provide learning experiences that will improve children's eating habits with the ultimate goal of physically fit adults.

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Local sources:				
Ad valorem taxes	\$ 86,250,000	\$ 92,915,000	\$ 92,686,621	\$ (228,379)
Sales and use taxes	65,200,000	67,100,000	68,399,106	1,299,106
Earnings on investments	500,000	600,000	1,174,840	574,840
Extended day program tuition	375,000	400,000	498,571	98,571
Other	2,023,000	3,816,190	3,708,854	(107,336)
State sources:				
Unrestricted grants-in-aid, MFP	115,647,500	119,317,378	119,317,378	-
Revenue sharing	3,780,000	3,722,000	3,722,441	441
Restricted grants-in-aid	3,350,000	3,206,470	3,144,763	(61,707)
Federal grants	500,000	500,000	554,808	54,808
TOTAL REVENUES	<u>277,625,500</u>	<u>291,577,038</u>	<u>293,207,382</u>	<u>1,630,344</u>
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular education programs	97,955,590	101,813,325	99,170,538	2,642,787
Special education programs	47,849,750	48,016,403	46,891,454	1,124,949
Other education programs	12,763,030	12,443,768	12,022,915	420,853
Support:				
Pupil support services	14,327,615	14,597,920	14,850,991	(253,071)
Instructional staff services	7,998,575	8,339,466	7,950,764	388,702
General administration services	8,593,155	8,388,580	8,769,743	(381,163)
School administration services	15,702,000	16,346,795	16,414,181	(67,386)
Business and central services	8,956,635	10,464,469	9,003,468	1,461,001
Plant operations and maintenance	34,055,720	38,175,831	37,235,049	940,782
Transportation	22,328,670	25,212,407	20,836,495	4,375,912
Appropriations-Charter schools	2,500,000	2,635,000	2,632,223	2,777
Settlement agreement	7,750,000	7,824,000	7,587,358	236,642
Debt service	342,715	342,715	342,716	(1)
TOTAL EXPENDITURES	<u>281,123,455</u>	<u>294,600,679</u>	<u>283,707,895</u>	<u>10,892,784</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,497,955)</u>	<u>(3,023,641)</u>	<u>9,499,487</u>	<u>12,523,128</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	2,220,000	7,771,250	2,872,330	(4,898,920)
Transfers out	(2,850,000)	(6,310,000)	(6,710,000)	(400,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(630,000)</u>	<u>1,461,250</u>	<u>(3,837,670)</u>	<u>(5,298,920)</u>
NET CHANGE IN FUND BALANCE	<u>(4,127,955)</u>	<u>(1,562,391)</u>	<u>5,661,817</u>	<u>7,224,208</u>
Fund balance, June 30, 2004	<u>28,452,154</u>	<u>28,452,154</u>	<u>28,452,154</u>	-
FUND BALANCE, JUNE 30, 2005	<u>\$ 24,324,199</u>	<u>\$ 26,889,763</u>	<u>\$ 34,113,971</u>	<u>\$ 7,224,208</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

TITLE I FUND

BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Federal grants	\$ 20,374,928	\$ 20,374,928	\$ 18,604,811	\$ (1,770,117)
TOTAL REVENUES	<u>20,374,928</u>	<u>20,374,928</u>	<u>18,604,811</u>	<u>(1,770,117)</u>
<u>EXPENDITURES</u>				
Instruction:				
Other education programs	15,063,007	15,063,007	13,668,719	1,394,288
Support:	-	-	-	-
Pupil support services	113,089	113,089	109,444	3,645
Instructional staff services	2,277,190	2,277,190	2,101,147	176,043
General administrative services	2,039	2,039	1,837	202
Business and central services	312,765	312,765	353,021	(40,256)
Plant operations and maintenance	526,640	526,640	431,815	94,825
Transportation	104,150	104,150	93,943	10,207
Debt service	500,000	500,000	500,000	-
TOTAL EXPENDITURES	<u>18,898,880</u>	<u>18,898,880</u>	<u>17,259,926</u>	<u>1,638,954</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,476,048</u>	<u>1,476,048</u>	<u>1,344,885</u>	<u>(131,163)</u>
<u>OTHER FINANCING USES</u>				
Transfers out	<u>(1,476,048)</u>	<u>(1,476,048)</u>	<u>(1,344,885)</u>	<u>131,163</u>
TOTAL OTHER FINANCING USES	<u>(1,476,048)</u>	<u>(1,476,048)</u>	<u>(1,344,885)</u>	<u>131,163</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, June 30, 2004	-	-	-	-
FUND BALANCE, JUNE 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

PROPOSITION 2 - DISCIPLINE FUND

BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Local sources:				
Sales and use taxes	\$ 4,685,000	\$ 4,686,000	\$ 4,834,962	\$ 148,962
Earnings on investments	46,000	55,000	79,940	24,940
TOTAL REVENUES	<u>4,731,000</u>	<u>4,741,000</u>	<u>4,914,902</u>	<u>173,902</u>
<u>EXPENDITURES</u>				
Instruction:				
Regular education programs	3,501,710	3,525,560	3,455,521	70,039
Special education programs	54,820	52,865	51,339	1,526
Support:				
Pupil support services	990,110	971,925	941,381	30,544
Instructional staff services	133,340	139,440	135,008	4,432
General administration services	48,650	49,535	48,456	1,079
School administration services	156,480	158,795	159,163	(368)
Plant operations and maintenance	275,365	288,845	270,530	18,315
Transportation	21,500	24,410	24,410	-
TOTAL EXPENDITURES	<u>5,181,975</u>	<u>5,211,375</u>	<u>5,085,808</u>	<u>125,567</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>(450,975)</u>	<u>(470,375)</u>	<u>(170,906)</u>	<u>299,469</u>
Fund balance, June 30, 2004	<u>3,827,217</u>	<u>3,827,217</u>	<u>3,827,217</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 3,376,242</u>	<u>\$ 3,356,842</u>	<u>\$ 3,656,311</u>	<u>\$ 299,469</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
PROPOSITION 3 - COMPENSATION FUND
BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2005

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Local sources:				
Sales and use taxes	\$ 24,053,000	\$ 24,238,000	\$ 24,794,219	\$ 556,219
Earnings on investments	-	-	327,930	327,930
TOTAL REVENUES	24,053,000	24,238,000	25,122,149	884,149
<u>EXPENDITURES</u>				
Instruction:				
Regular education programs	10,571,655	11,331,500	11,041,901	289,599
Special education programs	4,482,410	4,685,020	4,577,820	107,200
Other education programs	880,840	907,270	892,384	14,886
Support:				
Pupil support services	1,644,390	1,712,530	1,675,326	37,204
Instructional staff services	768,125	856,295	826,417	29,878
General administration services	268,620	264,335	265,258	(923)
School administration services	1,069,225	1,183,300	1,161,582	21,718
Business and central services	461,705	548,065	546,452	1,613
Plant operations and maintenance	24,975	25,440	25,243	197
Transportation	905,285	1,183,675	1,151,320	32,355
TOTAL EXPENDITURES	21,077,230	22,697,430	22,163,703	533,727
EXCESS OF REVENUES OVER EXPENDITURES	2,975,770	1,540,570	2,958,446	1,417,876
Fund balance, June 30, 2004	14,144,745	14,144,745	14,144,745	-
FUND BALANCE, JUNE 30, 2005	\$ 17,120,515	\$ 15,685,315	\$ 17,103,191	\$ 1,417,876

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

CHILD NUTRITION FUND

BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Local sources:				
Earnings on investments	\$ 3,000	\$ 3,000	\$ 2,885	\$ (115)
Other	4,025,000	4,025,000	3,962,803	(62,197)
State sources:				
Unrestricted grants-in-aid, MFP	3,300,000	3,395,000	3,395,000	-
Federal grants	16,750,000	17,314,000	17,600,993	286,993
TOTAL REVENUES	<u>24,078,000</u>	<u>24,737,000</u>	<u>24,961,681</u>	<u>224,681</u>
<u>EXPENDITURES</u>				
Salaries and wages	8,939,498	8,762,700	9,171,891	(409,191)
Employee benefits	5,574,245	6,116,875	6,085,480	31,395
Utilities	1,058,000	1,099,300	1,077,815	21,485
Professional fees	118,000	126,600	112,036	14,564
Food purchases	7,364,000	7,825,000	8,089,481	(264,481)
Equipment	450,000	200,000	189,525	10,475
Repairs and maintenance	200,000	250,000	-	250,000
Materials and supplies	760,000	897,400	916,147	(18,747)
Other	373,000	359,000	311,287	47,713
Appropriations-Charter schools	199,000	199,000	228,768	(29,768)
TOTAL EXPENDITURES	<u>25,035,743</u>	<u>25,835,875</u>	<u>26,182,430</u>	<u>(346,555)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(957,743)</u>	<u>(1,098,875)</u>	<u>(1,220,749)</u>	<u>(121,874)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	375,000	375,000
Transfers out	<u>(77,000)</u>	<u>(77,000)</u>	<u>(76,500)</u>	<u>500</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(77,000)</u>	<u>(77,000)</u>	<u>298,500</u>	<u>375,500</u>
NET CHANGE IN FUND BALANCE	<u>(1,034,743)</u>	<u>(1,175,875)</u>	<u>(922,249)</u>	<u>253,626</u>
Fund balance, June 30, 2004	<u>1,306,019</u>	<u>1,306,019</u>	<u>1,306,019</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 271,276</u>	<u>\$ 130,144</u>	<u>\$ 383,770</u>	<u>\$ 253,626</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

1. BUDGET AND BUDGETARY ACCOUNTING

The School System follows these procedures in establishing the budgetary data reflected in the financial statements:

The General Fund and the Special Revenue Funds are the only funds with legally required budgets. The General Fund budget and the Special Revenue Funds' budgets are adopted on an annual basis. These budgets include proposed expenditures and the means of financing them.

The Capital Projects fund's budget is adopted on a project basis, since such projects may be started and completed at any time during the year or may extend beyond one fiscal year.

Prior to September 15, the Superintendent submits to the Finance Committee a proposed annual appropriated budget for the General Fund for the fiscal year commencing the prior July 1. Public hearings are conducted to obtain taxpayer comments. Upon submission to the Board, the General Fund budget is legally enacted through adoption by the Board. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. For the Capital Projects Fund, the level of budget control is at the fund, department or project level, and expenditures/encumbrances by policy should not exceed appropriations. The School System approves budgets at the fund level, and the Superintendent is authorized to transfer amounts between line items within any fund.

Budgets are prepared on the modified accrual basis of accounting. Unencumbered appropriations in the General Fund lapse at the end of the fiscal year. Encumbered appropriations at year end that have been approved by the Board are generally expended during the next fiscal year's operations, assuming that the underlying liability is ultimately incurred. Budgeted amounts are as originally adopted or as amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the School System to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School System amended its General Fund budget twice during the year, reflecting an increase of total budgeted revenues of approximately \$14 million and an increase of total budgeted expenditures of approximately \$11 million.

Special Revenue Funds' budgets that are not grant-oriented have annual appropriated budgets adopted prior to September 15 by the Board. Grant Funds are included in Special Revenue Funds, and their budgets are adopted at the time the grant applications are approved by the grantor. Unencumbered appropriations of grant-oriented Special Revenue Funds are reappropriated at the beginning of the following fiscal year. Unencumbered appropriations of certain nongrant-oriented Special Revenue Funds lapse at the end of the fiscal year. Special Revenue Funds' budgets were amended for insignificant amounts as necessary to comply with state law.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS – INDIVIDUAL FUNDS

As reported in the budgetary comparison schedules that are presented as required supplemental information for the year ended June 30, 2005, the actual expenditures in the following funds exceeded budgeted appropriations:

Child Nutrition Fund	\$ 346,555
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Despite the fact that expenditures exceeded appropriations, Child Nutrition Fund maintained a \$383,770 fund balance as of June 30, 2005, which is considered adequate to absorb the over appropriations.



Comprehensive Annual Financial Report **Supplemental** Information



The School System of Choice with High Expectations for All

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
DETAILED BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2005

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
<u>REVENUES</u>				
Local Sources:				
Ad valorem taxes				
Constitutional tax	\$ 10,350,000	\$ 11,200,000	\$ 11,127,702	\$ (72,298)
Renewable taxes	73,800,000	79,655,000	79,441,192	(213,808)
1% collections	2,100,000	2,060,000	2,117,727	57,727
Sales and use taxes	65,200,000	67,100,000	68,399,106	1,299,106
Earnings on investments	500,000	600,000	1,174,840	574,840
Transportation fees	155,000	155,000	173,958	18,958
Tuition-extended day program	375,000	400,000	498,571	98,571
Other	1,868,000	3,661,190	3,534,896	(126,294)
TOTAL LOCAL SOURCES	154,348,000	164,831,190	166,467,992	1,636,802
State sources:				
Unrestricted grants-in aid				
State equalization	115,647,500	119,317,378	119,317,378	-
Restricted grants-in-aid				
Pips salary increment	1,600,000	1,460,000	1,395,704	(64,296)
Non public transportation	1,500,000	1,586,470	1,586,469	(1)
Other	250,000	160,000	162,590	2,590
Revenue in lieu of taxes				
Revenue sharing	3,780,000	3,722,000	3,722,441	441
TOTAL STATE SOURCES	122,777,500	126,245,848	126,184,582	(61,266)
Federal sources:				
ROTC	500,000	500,000	554,808	54,808
TOTAL FEDERAL SOURCES	500,000	500,000	554,808	54,808
TOTAL REVENUES	277,625,500	291,577,038	293,207,382	1,630,344

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
DETAILED BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2005

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
<u>EXPENDITURES</u>				
Instruction:				
Regular education programs				
Salaries	\$ 65,665,600	\$ 67,993,239	\$ 66,745,621	\$ 1,247,618
Sabbatical	400,000	554,441	513,024	41,417
Employee benefits	30,520,090	31,719,311	31,045,916	673,395
Purchased services	25,200	25,200	4,324	20,876
Materials and supplies	1,229,500	1,397,934	842,037	555,897
Equipment	75,000	75,000	-	75,000
Other	40,200	48,200	19,616	28,584
TOTAL REGULAR EDUCATION PROGRAMS	97,955,590	101,813,325	99,170,538	2,642,787
Special education programs				
Salaries	31,579,000	31,794,481	30,795,532	998,949
Sabbatical	150,000	143,153	141,895	1,258
Employee benefits	15,993,500	15,928,564	15,804,610	123,954
Purchased services	33,750	54,910	55,390	(480)
Materials and supplies	52,000	37,095	31,714	5,381
Equipment	22,000	37,890	36,619	1,271
Other	19,500	20,310	25,694	(5,384)
TOTAL SPECIAL EDUCATION PROGRAMS	47,849,750	48,016,403	46,891,454	1,124,949
Other education programs				
Salaries	8,417,800	8,506,042	8,264,083	241,959
Sabbatical	90,000	40,886	38,750	2,136
Employee benefits	3,369,020	2,928,759	2,769,379	159,380
Purchased services	18,610	20,735	20,686	49
Materials and supplies	481,100	500,798	546,886	(46,088)
Equipment	228,000	248,938	165,487	83,451
Other	158,500	197,610	217,644	(20,034)
TOTAL OTHER EDUCATION PROGRAMS	12,763,030	12,443,768	12,022,915	420,853

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

DETAILED BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Support:				
Pupil support services				
Child welfare and attendance services				
Salaries	\$ 318,320	\$ 381,193	\$ 341,052	\$ 40,141
Employee benefits	3,842,245	3,916,075	3,752,884	163,191
Materials and supplies	6,500	6,220	6,533	(313)
Other	7,625	8,900	5,533	3,367
Guidance services				
Salaries	5,660,000	5,900,170	5,891,902	8,268
Sabbatical	50,000	51,632	53,751	(2,119)
Materials and supplies	1,500	1,500	1	1,499
Equipment	1,000	1,000	-	1,000
Other	1,500	2,000	443	1,557
Health services				
Purchased services	935,000	935,000	1,450,000	(515,000)
Materials and supplies	-	-	90	(90)
Pupil assessment and appraisal services				
Salaries	2,289,000	2,181,432	2,218,166	(36,734)
Sabbatical	2,000	2,000	-	2,000
Purchased services	10,000	10,000	10,400	(400)
Materials and supplies	12,000	12,000	7,584	4,416
Other	15,000	17,500	12,329	5,171
Other pupil support services				
Salaries	1,157,725	1,148,258	1,081,041	67,217
Materials and supplies	6,000	9,140	9,679	(539)
Equipment	2,900	2,900	2,412	488
Purchased services	4,500	4,500	3,360	1,140
Other	4,800	6,500	3,831	2,669
TOTAL PUPIL SUPPORT SERVICES	<u>14,327,615</u>	<u>14,597,920</u>	<u>14,850,991</u>	<u>(253,071)</u>

(Continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

DETAILED BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Instructional staff services				
Salaries - Directors and supervisors	\$ 974,410	\$ 1,223,421	\$ 1,264,238	\$ (40,817)
Salaries - Secretarial	335,500	344,744	323,730	21,014
Sabbatical	37,100	26,320	23,903	2,417
Employee benefits	2,163,025	2,262,595	2,150,546	112,049
Purchased services	86,800	86,800	57,617	29,183
Materials and supplies	155,000	170,311	53,352	116,959
Other	7,000	8,425	10,122	(1,697)
Materials and supplies - Training services	35,000	35,000	2,093	32,907
School library services				
Salaries	3,501,740	3,617,320	3,550,038	67,282
Materials and supplies	125,000	125,105	60,553	64,552
Equipment	2,500	2,500	-	2,500
Other	500	650	334	316
Books and periodicals	125,000	125,000	165,951	(40,951)
Other educational media services				
Salaries	140,000	203,875	180,887	22,988
Purchased services	310,000	107,400	107,400	-
TOTAL INSTRUCTIONAL STAFF SERVICES	<u>7,998,575</u>	<u>8,339,466</u>	<u>7,950,764</u>	<u>388,702</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
DETAILED BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2005

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Administration - General				
Board of Education				
Salaries - Board members	\$ 132,000	\$ 132,000	\$ 116,400	\$ 15,600
Salaries - secretarial	28,950	29,140	29,893	(753)
Employee benefits	252,250	215,827	220,683	(4,856)
Legal services				
Salaries	125,905	125,285	113,637	11,648
Contracts	1,000,000	1,000,000	1,145,507	(145,507)
Materials and supplies	15,000	15,000	16,398	(1,398)
Equipment	1,000	1,000	-	1,000
Other	182,500	183,600	96,859	86,741
Audit services	37,000	37,000	30,019	6,981
Insurance	3,124,500	3,124,500	3,288,875	(164,375)
Tax assessment and collection services				
Property taxes				
Sheriff's fees	20,000	20,000	-	20,000
Pension fund	2,500,000	2,500,000	2,626,521	(126,521)
Sales and use tax	675,000	675,000	687,232	(12,232)
Office of the superintendent				
Salaries	194,780	163,980	229,671	(65,691)
Materials and supplies	19,000	24,000	22,786	1,214
Equipment	1,000	1,000	-	1,000
Other	7,500	9,000	11,757	(2,757)
Other executive administrative services				
Salaries	276,770	132,248	133,505	(1,257)
TOTAL GENERAL ADMINISTRATION	<u>8,593,155</u>	<u>8,388,580</u>	<u>8,769,743</u>	<u>(381,163)</u>
Administration-School				
Salaries	10,860,000	11,423,225	11,581,853	(158,628)
Sabbatical	25,000	93,324	83,059	10,265
Employee benefits	4,744,500	4,787,246	4,723,071	64,175
Materials and supplies	70,000	40,000	20,985	19,015
Other	2,500	3,000	5,213	(2,213)
TOTAL SCHOOL ADMINISTRATION	<u>15,702,000</u>	<u>16,346,795</u>	<u>16,414,181</u>	<u>(67,386)</u>

(Continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
DETAILED BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2005

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Business and Central Services				
Fiscal services				
Salaries	\$ 1,296,275	\$ 1,223,501	\$ 1,204,418	\$ 19,083
Employee benefits	885,485	884,625	838,938	45,687
Materials and supplies	77,130	76,996	46,617	30,379
Other	16,935	108,485	86,664	21,821
Interest on short term loans	45,000	38,063	35,093	2,970
Equipment	12,500	54,653	7,386	47,267
Purchased services	30,000	130,000	81,154	48,846
Purchasing services				
Salaries	292,380	270,625	256,790	13,835
Materials and supplies	10,000	10,015	4,298	5,717
Equipment	1,500	1,500	-	1,500
Other	10,500	10,750	5,156	5,594
Postage	140,000	51,255	33,047	18,208
Printing and publishing				
Salaries	190,725	196,239	192,534	3,705
Materials and supplies	10,000	11,541	152,479	(140,938)
Other	7,250	4,200	1,647	2,553
Printing and binding	30,000	30,000	-	30,000
Rental of equipment	195,000	195,065	35,306	159,759
Repairs and maintenance	8,000	10,985	10,297	688
Equipment	4,000	4,325	2,124	2,201

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
DETAILED BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2005

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Business and Central Services (continued)				
Planning, research and development				
Salaries	\$ 221,050	\$ 429,735	\$ 409,570	\$ 20,165
Materials and supplies	30,000	31,235	20,430	10,805
Equipment	1,000	1,000	-	1,000
Other	6,000	6,650	1,162	5,488
Repairs and maintenance	10,000	10,000	-	10,000
Public information services				
Salaries	54,470	39,895	39,492	403
Advertising	55,000	55,000	52,634	2,366
Materials and supplies	70,000	95,000	22,798	72,202
Equipment	7,000	7,000	161	6,839
Other	2,550	2,700	2,769	(69)
Repairs and maintenance	35,000	35,000	14,487	20,513
Personnel services				
Salaries	801,045	836,370	827,521	8,849
Purchased services	101,500	175,885	178,563	(2,678)
Materials and supplies	86,000	40,801	35,671	5,130
Other	39,650	140,400	132,523	7,877
Repairs and maintenance	15,000	22,710	22,710	-
Fingerprinting, background check and drug screening	100,000	67,780	64,056	3,724
Equipment	1,500	7,400	3,257	4,143
Information systems				
Salaries	858,010	957,081	938,968	18,113
Materials and supplies	876,000	1,050,234	771,345	278,889
Technical services	780,000	1,067,405	665,473	401,932
Equipment	590,000	1,015,566	774,340	241,226
Other	25,300	28,500	17,414	11,086
Repairs and maintenance	85,000	91,780	69,601	22,179
Business and central services				
Employee benefits	842,880	936,519	944,575	(8,056)
TOTAL BUSINESS AND CENTRAL SERVICES	<u>8,956,635</u>	<u>10,464,469</u>	<u>9,003,468</u>	<u>1,461,001</u>
				(Continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

DETAILED BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Operation and maintenance of plant services				
Salaries	\$ 722,820	\$ 702,655	\$ 616,521	\$ 86,134
Employee benefits	2,265,400	2,843,190	2,891,308	(48,118)
Equipment	-	1,458	13,828	(12,370)
Other	22,882,500	22,985,400	22,746,498	238,902
Rental of equipment	-	17,000	17,083	(83)
Materials and supplies	5,000	241,937	208,643	33,294
Gasoline\fuel	5,000	5,000	10,128	(5,128)
Operation of buildings				
Water\sewerage	525,000	525,000	536,041	(11,041)
Disposal services	400,000	400,950	233,192	167,758
Repairs and maintenance	-	2,006,385	1,607,115	399,270
Insurance	250,000	350,000	475,000	(125,000)
Telephone	600,000	1,685,000	1,080,751	604,249
Natural gas	850,000	850,000	734,578	115,422
Electricity	5,500,000	5,500,000	5,996,706	(496,706)
Care and upkeep of grounds	-	8,149	2,275	5,874
Care and upkeep of equipment	-	3,325	-	3,325
Insurance	50,000	50,000	65,000	(15,000)
Repairs and maintenance	-	382	382	-
TOTAL OPERATION AND MAINTENANCE OF PLANT SERVICES	34,055,720	38,175,831	37,235,049	940,782
Transportation services				
Supervision of student transportation				
Salaries	541,420	571,655	573,714	(2,059)
Materials and supplies	10,000	10,000	6,132	3,868
Purchased Services	24,000	24,000	-	24,000
Equipment	4,000	4,000	-	4,000
Other	9,000	9,000	1,548	7,452
Repairs and maintenance	12,000	12,000	-	12,000
Regular transportation services				
Salaries	8,780,000	8,924,170	8,748,183	175,987
Employee benefits	7,804,500	8,057,477	7,906,090	151,387
Materials and supplies	1,545,000	1,493,275	1,117,075	376,200
Equipment	902,750	2,902,750	228,880	2,673,870
Other	56,000	71,528	25,355	46,173
Repairs and maintenance	430,000	717,552	599,047	118,505
Insurance	320,000	320,000	445,000	(125,000)
Gasoline\fuel	1,890,000	2,095,000	1,185,471	909,529
TOTAL TRANSPORTATION SERVICES	22,328,670	25,212,407	20,836,495	4,375,912

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
DETAILED BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2005

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Positive (Negative)
Appropriations-Charter schools	\$ 2,500,000	\$ 2,635,000	\$ 2,632,223	\$ 2,777
Settlement agreement	7,750,000	7,824,000	7,587,358	236,642
Debt service	342,715	342,715	342,716	(1)
TOTAL EXPENDITURES	281,123,455	294,600,679	283,707,895	10,892,784
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,497,955)	(3,023,641)	9,499,487	12,523,128
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	2,220,000	7,771,250	2,872,330	(4,898,920)
Transfers out	(2,850,000)	(6,310,000)	(6,710,000)	(400,000)
TOTAL OTHER FINANCING SOURCES (USES)	(630,000)	1,461,250	(3,837,670)	(5,298,920)
NET CHANGE IN FUND BALANCE	(4,127,955)	(1,562,391)	5,661,817	7,224,208
Fund balance, June 30, 2004	28,452,154	28,452,154	28,452,154	-
FUND BALANCE, JUNE 30, 2005	\$ 24,324,199	\$ 26,889,763	\$ 34,113,971	\$ 7,224,208

(Concluded)

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS

TITLE II

Title II increases student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools. The program also holds local educational agencies and schools accountable for improvements in student academic achievement.

TITLE V

Title V (PL 96-212) is a federally funded program which provides grants to school districts that are heavily impacted by refugee children. Services are provided to that particular student population and their parents.

GEAR UP BATON ROUGE

Gear Up Baton Rouge is a systemic effort to change teaching and learning in two middle schools with students who qualify in overwhelming numbers for free and reduced lunch. The goals of the grant are: 1) Increase articulation success through primary and secondary education and into post secondary education; 2) Increase high school graduation and post secondary education attendance rates within low income student populations; 3) Increase academic performance of low income students; 4) Enhance school academic and curricular reforms through professional development for teachers and through active involvement in school improvement teams; 5) Provide for project evaluation; 6) Coordinate project dissemination at the local, state, regional, and national levels.

EXCEPTIONAL EDUCATION PROGRAM

The Individuals with Disabilities Act (IDEA) is a federally-financed program providing free appropriate education for all identified handicapped children from 3 to 21 years of age in the least restrictive environment.

ALCOHOL AND DRUG ABUSE

The Alcohol and Drug Abuse Prevention Fund sponsors the prevention of alcohol and drug abuse among children of East Baton Rouge Parish schools. It is funded by ad valorem taxes and donations.

CAREER AND TECHNICAL EDUCATION

The Career and Technical Education Fund accounts for a program designed to administer various vocational programs which provide vocational training and assistance.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

The Pre-GED/Skills Option Program is a comprehensive counseling and guidance program with components for pre-GED academic, workplace readiness and skills instructions for students who are at risk of dropping out of high school.

Starting Points/Early Childhood Development provides full day, before and after school preschool instruction and care for at-risk four-year old students.

STATE GRANTS

The State Grants Fund is used to account for special grants received from various departments of the State of Louisiana.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS (continued)

CONTINUING EDUCATION

The *Continuing Education Fund* is a program which offers higher education opportunities to persons who are age 16 and older.

TITLE IV

The *Title IV School Program* is a federally funded program which provides drug abuse and prevention education for all students of East Baton Rouge Parish.

LOCAL GRANTS

Grants from various private foundations provide additional support for educational programs. Program areas include teacher mini-grants, math improvement, remediation, staff development and homeless youth activities.

DIRECT FEDERAL PROGRAMS

This fund accounts for programs whose funding is received directly from a federal agency.

Literacy through School Libraries provides students with increased access to up-to-date school library materials, a well-equipped technologically advanced school library media center, and well-trained, professionally certified school library media specialists to improve literacy skills and achievement of students.

Fund for the Improvement of Education (FIE) provides for programs to improve the quality of education, to assist all students to meet challenging state content standards, and to contribute to the achievement of elementary and secondary students.

Teaching American History provides support programs to raise student achievement by improving teacher's knowledge, understanding, and appreciation of American History.

MOSAIC is an extended day and summer school program providing educational tutoring and English language courses to elementary school students. The program has 40 different language groups participating. Most of the students are immigrants or refugees, and the program management regularly interacts with the Office of Migration and Refugee Services. The program objective is to facilitate LEP (Limited English Proficient) students in attaining or surpassing the academic level of their English-speaking peers.

SUMMER SCHOOL

The *Summer School Program* is designed to provide summer programs enabling students who have failed subjects to remove deficiencies, enroll in courses to enrich their educational experiences, and to enable students to take additional courses in order to meet graduation requirements. Revenues for the fund are generated through a registration fee charged to each student for each class taken.

WBRH RADIO STATION TRAINING PROGRAM

The *WBRH Radio Station Training Program Fund* accounts for the operations of the radio station and the training of students involved in radio training.

SERVE! BATON ROUGE

SERVE! Baton Rouge is a program funded by a grant from the Louisiana Serve Commission that provides tutoring and mentoring to academically at-risk youth at twelve elementary schools in the East Baton Rouge Parish School System.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS (continued)

LEARN AND SERVE AMERICA

Learn and Serve America is a program for school age youth created by the National and Community Service Trust Act of 1993. It is administered by the Louisiana Serve Commission in the office of the Lieutenant Governor in conjunction with the Louisiana Department of Education. The mission of the Corporation for National Service is to engage Americans of all backgrounds in community based service that addresses the nation's needs in the areas of education, public safety, human needs and the environment to achieve direct and demonstrable results.

TECHNOLOGY LITERACY CHALLENGE (Title III)

Title III is a provision of the federally legislated Goals 2001: Educate America Act. The funds provide instructional and technical training for classroom teachers.



EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

NON-MAJOR GOVERNMENTAL FUNDS-

COMBINING BALANCE SHEET

JUNE 30, 2005

	<u>Title II</u>	<u>Title V</u>
<u>ASSETS</u>		
Cash	\$ -	\$ -
Receivables:		
Accounts	4,646	-
Due from other funds	-	-
Due from other governments	1,096,269	88,656
TOTAL ASSETS	<u>\$ 1,100,915</u>	<u>\$ 88,656</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 127,342	\$ 10,772
Salaries payable	-	-
Due to other funds	973,573	77,884
Deferred revenues	-	-
TOTAL LIABILITIES	<u>1,100,915</u>	<u>88,656</u>
Fund balances:		
Unreserved - undesignated	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,100,915</u>	 <u>\$ 88,656</u>

Gear Up Baton Rouge	Exceptional Education Program	Alcohol and Drug Abuse	Career and Technical Education
\$ -	\$ -	\$ -	\$ -
18	11,284	24,205	-
-	-	523,703	-
234,548	2,529,214	-	279,367
<u>\$ 234,566</u>	<u>\$ 2,540,498</u>	<u>\$ 547,908</u>	<u>\$ 279,367</u>
\$ 18,295	\$ 256,655	\$ 33,871	\$ 226
780	2,119	-	-
215,491	2,281,724	-	279,141
-	-	3,877	-
<u>234,566</u>	<u>2,540,498</u>	<u>37,748</u>	<u>279,367</u>
-	-	510,160	-
-	-	510,160	-
<u>\$ 234,566</u>	<u>\$ 2,540,498</u>	<u>\$ 547,908</u>	<u>\$ 279,367</u>

(Continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

NON-MAJOR GOVERNMENTAL FUNDS-

COMBINING BALANCE SHEET

JUNE 30, 2005

	<u>Temporary Assistance For Needy Families</u>	<u>State Grants</u>	<u>Continuing Education</u>
<u>ASSETS</u>			
Cash	\$ -	\$ -	\$ -
Receivables:			
Accounts	816	25,330	-
Due from other funds	538,788	1,055,790	-
Due from other governments	258,885	2,035,740	152,514
TOTAL ASSETS	<u>\$ 798,489</u>	<u>\$ 3,116,860</u>	<u>\$ 152,514</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 20,312	\$ 323	\$ 6,626
Salaries payable	-	13,286	-
Due to other funds	-	-	145,888
Deferred revenues	-	-	-
TOTAL LIABILITIES	<u>20,312</u>	<u>13,609</u>	<u>152,514</u>
Fund balances:			
Unreserved - undesignated	778,177	3,103,251	-
TOTAL FUND BALANCES	<u>778,177</u>	<u>3,103,251</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 798,489</u>	<u>\$ 3,116,860</u>	<u>\$ 152,514</u>

Title IV	Local Grants	Direct Federal Programs	Summer School	WBRH Radio Station Training Program	Serve! Baton Rouge
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	55,200	805	15,710	-	-
-	566,076	-	295,473	180,118	-
77,328	-	65,186	-	-	34,770
<u>\$ 77,328</u>	<u>\$ 621,276</u>	<u>\$ 65,991</u>	<u>\$ 311,183</u>	<u>\$ 180,118</u>	<u>\$ 34,770</u>
\$ 1,516	\$ 66,332	\$ 4,137	\$ 1,770	\$ 1,021	\$ -
-	-	-	1,000	-	-
75,812	-	61,854	-	-	34,770
-	-	-	-	-	-
<u>77,328</u>	<u>66,332</u>	<u>65,991</u>	<u>2,770</u>	<u>1,021</u>	<u>34,770</u>
-	554,944	-	308,413	179,097	-
-	554,944	-	308,413	179,097	-
<u>\$ 77,328</u>	<u>\$ 621,276</u>	<u>\$ 65,991</u>	<u>\$ 311,183</u>	<u>\$ 180,118</u>	<u>\$ 34,770</u>

(Continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

NON-MAJOR GOVERNMENTAL FUNDS-

COMBINING BALANCE SHEET

JUNE 30, 2005

	<u>Learn and Serve America</u>	<u>Technology Literacy Challenge (Title III)</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ -	\$ -	\$ -
Receivables:			
Accounts	-	8	138,022
Due from other funds	-	-	3,159,948
Due from other governments	1,666	25,683	6,879,826
TOTAL ASSETS	\$ 1,666	\$ 25,691	\$ 10,177,796
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ -	\$ 3,604	\$ 552,802
Salaries payable	-	-	17,185
Due to other funds	1,666	22,087	4,169,890
Deferred revenues	-	-	3,877
TOTAL LIABILITIES	1,666	25,691	4,743,754
Fund balances:			
Unreserved - undesignated	-	-	5,434,042
TOTAL FUND BALANCES	-	-	5,434,042
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,666	\$ 25,691	\$ 10,177,796

(Concluded)



EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FISCAL YEAR ENDED JUNE 30, 2005

	<u>Title II</u>	<u>Title V</u>
<u>REVENUES</u>		
Local sources:		
Ad valorem taxes	\$ -	\$ -
Other	-	-
State and federal:		
Other state support	-	-
Federal grants	5,234,993	469,812
TOTAL REVENUES	<u>5,234,993</u>	<u>469,812</u>
<u>EXPENDITURES</u>		
Current		
Instruction:		
Regular education programs	-	-
Special education programs	-	-
Other education programs	4,012,951	399,884
Support:		
Pupil support services	-	-
Instructional staff services	821,122	39,650
Administrative	365	-
Business and central services	15,925	547
Plant operations and maintenance	2,848	-
Transportation	-	826
TOTAL EXPENDITURES	<u>4,853,211</u>	<u>440,907</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>381,782</u>	<u>28,905</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers in	-	-
Transfers out	<u>(381,782)</u>	<u>(28,905)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(381,782)</u>	<u>(28,905)</u>
NET CHANGE IN FUND BALANCE	-	-
Fund balance, June 30, 2004	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ -</u>	<u>\$ -</u>

<u>Gear Up Baton Rouge</u>	<u>Exceptional Education Program</u>	<u>Alcohol and Drug Abuse</u>	<u>Career and Technical Education</u>
\$ -	\$ -	\$ 1,526,084	\$ -
-	-	7,747	-
-	-	-	-
236,028	8,235,032	-	748,242
<u>236,028</u>	<u>8,235,032</u>	<u>1,533,831</u>	<u>748,242</u>
-	-	-	-
-	5,329,461	-	-
215,698	-	-	669,284
-	196,164	1,291,539	-
-	1,430,322	89,158	51,809
-	982	44,526	108
-	142,697	86,863	2,041
1,323	28,003	52,027	-
713	218,297	753	25,000
<u>217,734</u>	<u>7,345,926</u>	<u>1,564,866</u>	<u>748,242</u>
<u>18,294</u>	<u>889,106</u>	<u>(31,035)</u>	<u>-</u>
-	-	-	-
<u>(18,294)</u>	<u>(889,106)</u>	<u>(12,367)</u>	<u>-</u>
<u>(18,294)</u>	<u>(889,106)</u>	<u>(12,367)</u>	<u>-</u>
-	-	(43,402)	-
-	-	553,562	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 510,160</u>	<u>\$ -</u>

(Continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FISCAL YEAR ENDED JUNE 30, 2005

	Temporary Assistance For Needy Families	State Grants	Continuing Education
<u>REVENUES</u>			
Local sources:			
Ad valorem taxes	\$ -	\$ -	\$ -
Other	-	-	-
State and federal:			
Other state support	-	6,206,390	-
Federal grants	4,527,814	-	639,361
TOTAL REVENUES	<u>4,527,814</u>	<u>6,206,390</u>	<u>639,361</u>
<u>EXPENDITURES</u>			
Current			
Instruction:			
Regular education programs	-	1,642,668	-
Special education programs	-	115,267	-
Other education programs	3,826,169	4,155,754	605,249
Support:			
Pupil support services	-	69,118	-
Instructional staff services	326,784	541,625	2,922
Administrative	4,022	70,718	-
Business and central services	36,274	63,095	935
Plant operations and maintenance	58,775	20,111	-
Transportation	401,261	287,085	-
TOTAL EXPENDITURES	<u>4,653,285</u>	<u>6,965,441</u>	<u>609,106</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(125,471)</u>	<u>(759,051)</u>	<u>30,255</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	3,850,000	-
Transfers out	<u>(5,474)</u>	<u>(30,609)</u>	<u>(30,255)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,474)</u>	<u>3,819,391</u>	<u>(30,255)</u>
NET CHANGE IN FUND BALANCE	(130,945)	3,060,340	-
Fund balance, June 30, 2004	<u>909,122</u>	<u>42,911</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 778,177</u>	<u>\$ 3,103,251</u>	<u>\$ -</u>

<u>Title IV</u>	<u>Local Grants</u>	<u>Direct Federal Programs</u>	<u>Summer School</u>	<u>WBRH Radio Station Training Program</u>	<u>Serve! Baton Rouge</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	385,337	-	314,675	260,832	-
-	-	-	-	-	-
403,529	-	630,804	-	-	167,406
<u>403,529</u>	<u>385,337</u>	<u>630,804</u>	<u>314,675</u>	<u>260,832</u>	<u>167,406</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	214,490	501,975	389,693	205,250	3,582
395,616	28,389	46,830	-	-	90,994
-	42,270	3,291	-	-	72,813
-	92	29	45	-	17
-	186	21,570	-	-	-
-	6,324	2,134	-	-	-
-	-	11,510	375	-	-
<u>395,616</u>	<u>291,751</u>	<u>587,339</u>	<u>390,113</u>	<u>205,250</u>	<u>167,406</u>
7,913	93,586	43,465	(75,438)	55,582	-
-	100,000	-	-	-	-
<u>(7,913)</u>	<u>-</u>	<u>(43,465)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(7,913)</u>	<u>100,000</u>	<u>(43,465)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	193,586	-	(75,438)	55,582	-
-	361,358	-	383,851	123,515	-
<u>\$ -</u>	<u>\$ 554,944</u>	<u>\$ -</u>	<u>\$ 308,413</u>	<u>\$ 179,097</u>	<u>\$ -</u>

(Continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Learn and Serve America</u>	<u>Technology Literacy Challenge (Title III)</u>	<u>Total</u>
<u>REVENUES</u>			
Local sources:			
Ad valorem taxes	\$ -	\$ -	\$ 1,526,084
Other	-	-	968,591
State and federal:			
Other state support	-	-	6,206,390
Federal grants	5,000	141,424	21,439,445
	<u>5,000</u>	<u>141,424</u>	<u>30,140,510</u>
<u>EXPENDITURES</u>			
Current			
Instruction:			
Regular education programs	-	-	1,642,668
Special education programs	-	-	5,444,728
Other education programs	5,000	102,935	15,307,914
Support:			
Pupil support services	-	2,280	2,120,930
Instructional staff services	-	15,642	3,437,408
Administrative	-	-	120,904
Business and central services	-	14,562	384,695
Plant operations and maintenance	-	1,994	173,539
Transportation	-	1,236	947,056
TOTAL EXPENDITURES	<u>5,000</u>	<u>138,649</u>	<u>29,579,842</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>-</u>	 <u>2,775</u>	 <u>560,668</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	-	3,950,000
Transfers out	-	(2,775)	(1,450,945)
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>-</u>	 <u>(2,775)</u>	 <u>2,499,055</u>
 NET CHANGE IN FUND BALANCE	 <u>-</u>	 <u>-</u>	 <u>3,059,723</u>
Fund balance, June 30, 2004	-	-	2,374,319
 FUND BALANCE, JUNE 30, 2005	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 5,434,042</u>

(Concluded)

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - TITLE II

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Federal grants	\$ 5,687,537	\$ 5,234,993	\$ (452,544)
TOTAL REVENUES	<u>5,687,537</u>	<u>5,234,993</u>	<u>(452,544)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other education programs	4,342,737	4,012,951	329,786
Support:			
Instructional staff services	907,955	821,122	86,833
Administrative	414	365	49
Business and central services	17,601	15,925	1,676
Plant operations and maintenance	2,848	2,848	-
TOTAL EXPENDITURES	<u>5,271,555</u>	<u>4,853,211</u>	<u>418,344</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>415,982</u>	<u>381,782</u>	<u>(34,200)</u>
<u>OTHER FINANCING USES</u>			
Transfers out	<u>(415,982)</u>	<u>(381,782)</u>	<u>34,200</u>
TOTAL OTHER FINANCING USES	<u>(415,982)</u>	<u>(381,782)</u>	<u>34,200</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2004	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - TITLE V

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 508,166	\$ 469,812	\$ (38,354)
TOTAL REVENUES	<u>508,166</u>	<u>469,812</u>	<u>(38,354)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other education programs	438,009	399,884	38,125
Support:			
Instructional staff services	39,663	39,650	13
Business and central services	547	547	-
Transportation	903	826	77
TOTAL EXPENDITURES	<u>479,122</u>	<u>440,907</u>	<u>38,215</u>
 EXCESS OF REVENUES OVER EXPENDITURES	<u>29,044</u>	<u>28,905</u>	<u>(139)</u>
 <u>OTHER FINANCING USES</u>			
Transfers out	<u>(29,044)</u>	<u>(28,905)</u>	<u>139</u>
 TOTAL OTHER FINANCING USES	<u>(29,044)</u>	<u>(28,905)</u>	<u>139</u>
 NET CHANGE IN FUND BALANCE	-	-	-
 Fund balance, June 30, 2004	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCE, JUNE 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - GEAR UP BATON ROUGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 236,028	\$ 236,028	\$ -
TOTAL REVENUES	<u>236,028</u>	<u>236,028</u>	<u>-</u>
<u>EXPENDITURES</u>			
Instruction:			
Other education programs	215,698	215,698	-
Support:			
Plant operations and maintenance	1,323	1,323	-
Transportation	713	713	-
TOTAL EXPENDITURES	<u>217,734</u>	<u>217,734</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>18,294</u>	<u>18,294</u>	<u>-</u>
<u>OTHER FINANCING USES</u>			
Transfers out	<u>(18,294)</u>	<u>(18,294)</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>(18,294)</u>	<u>(18,294)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2004	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - EXCEPTIONAL EDUCATION PROGRAM

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 13,861,924	\$ 8,235,032	\$ (5,626,892)
TOTAL REVENUES	<u>13,861,924</u>	<u>8,235,032</u>	<u>(5,626,892)</u>
<u>EXPENDITURES</u>			
Instruction:			
Special education programs	8,705,461	5,329,461	3,376,000
Support:			
Pupil support services	204,079	196,164	7,915
Instructional staff services	2,800,928	1,430,322	1,370,606
Administrative	2,474	982	1,492
Business and central services	289,692	142,697	146,995
Plant operations and maintenance	51,597	28,003	23,594
Transportation	451,436	218,297	233,139
TOTAL EXPENDITURES	<u>12,505,667</u>	<u>7,345,926</u>	<u>5,159,741</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,356,257</u>	<u>889,106</u>	<u>(467,151)</u>
<u>OTHER FINANCING USES</u>			
Transfers out	<u>(1,356,257)</u>	<u>(889,106)</u>	<u>467,151</u>
TOTAL OTHER FINANCING USES	<u>(1,356,257)</u>	<u>(889,106)</u>	<u>467,151</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2004	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - ALCOHOL AND DRUG ABUSE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Local sources:			
Ad valorem taxes	\$ 1,472,701	\$ 1,526,084	\$ 53,383
Other	4,899	7,747	2,848
TOTAL REVENUES	<u>1,477,600</u>	<u>1,533,831</u>	<u>56,231</u>
<u>EXPENDITURES</u>			
Support:			
Pupil support services	1,262,524	1,291,539	(29,015)
Instructional staff services	87,155	89,158	(2,003)
Administrative	43,526	44,526	(1,000)
Business and central services	84,911	86,863	(1,952)
Plant operations and maintenance	50,858	52,027	(1,169)
Transportation	736	753	(17)
TOTAL EXPENDITURES	<u>1,529,710</u>	<u>1,564,866</u>	<u>(35,156)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(52,110)</u>	<u>(31,035)</u>	<u>21,075</u>
<u>OTHER FINANCING USES</u>			
Transfers out	<u>(11,130)</u>	<u>(12,367)</u>	<u>(1,237)</u>
TOTAL OTHER FINANCING USES	<u>(11,130)</u>	<u>(12,367)</u>	<u>(1,237)</u>
NET CHANGE IN FUND BALANCE	<u>(63,240)</u>	<u>(43,402)</u>	<u>19,838</u>
Fund balance, June 30, 2004	<u>553,562</u>	<u>553,562</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 490,322</u>	<u>\$ 510,160</u>	<u>\$ 19,838</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - CAREER AND TECHNICAL EDUCATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 764,251	\$ 748,242	\$ (16,009)
TOTAL REVENUES	<u>764,251</u>	<u>748,242</u>	<u>(16,009)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other education programs	683,584	669,284	14,300
Support:			
Instructional staff services	52,925	51,809	1,116
Administrative	110	108	2
Business and central services	2,086	2,041	45
Transportation	25,546	25,000	546
TOTAL EXPENDITURES	<u>764,251</u>	<u>748,242</u>	<u>16,009</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2004	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 4,753,567	\$ 4,527,814	\$ (225,753)
TOTAL REVENUES	<u>4,753,567</u>	<u>4,527,814</u>	<u>(225,753)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other education programs	3,907,261	3,826,169	81,092
Support			
Instructional staff services	332,009	326,784	5,225
Administrative	4,102	4,022	80
Business and central services	37,121	36,274	847
Plant operations and maintenance	59,023	58,775	248
Transportation	409,053	401,261	7,792
TOTAL EXPENDITURES	<u>4,748,569</u>	<u>4,653,285</u>	<u>95,284</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,998</u>	<u>(125,471)</u>	<u>(130,469)</u>
<u>OTHER FINANCING USES</u>			
Transfers out	<u>(5,474)</u>	<u>(5,474)</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>(5,474)</u>	<u>(5,474)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(476)</u>	<u>(130,945)</u>	<u>(130,469)</u>
Fund balance, June 30, 2004	<u>909,122</u>	<u>909,122</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 908,646</u>	<u>\$ 778,177</u>	<u>\$ (130,469)</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - STATE GRANTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
State support	\$ 6,618,959	\$ 6,206,390	\$ (412,569)
TOTAL REVENUES	<u>6,618,959</u>	<u>6,206,390</u>	<u>(412,569)</u>
<u>EXPENDITURES</u>			
Instruction:			
Regular education programs	2,837,321	1,642,668	1,194,653
Special education programs	115,267	115,267	-
Other education programs	4,510,461	4,155,754	354,707
Support:			
Pupil support services	69,118	69,118	-
Instructional staff services	857,779	541,625	316,154
Administrative	238,389	70,718	167,671
Business and central services	107,434	63,095	44,339
Plant operations and maintenance	20,183	20,111	72
Transportation	288,667	287,085	1,582
TOTAL EXPENDITURES	<u>9,044,619</u>	<u>6,965,441</u>	<u>2,079,178</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(2,425,660)</u>	<u>(759,051)</u>	<u>1,666,609</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	(32,079)	(30,609)	1,470
Transfers in	<u>1,795,000</u>	<u>3,850,000</u>	<u>2,055,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,762,921</u>	<u>3,819,391</u>	<u>2,056,470</u>
NET CHANGE IN FUND BALANCE	(662,739)	3,060,340	3,723,079
Fund balance, June 30, 2004	<u>42,911</u>	<u>42,911</u>	-
FUND BALANCE, JUNE 30, 2005	<u>\$ (619,828)</u>	<u>\$ 3,103,251</u>	<u>\$ 3,723,079</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - CONTINUING EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 643,378	\$ 639,361	\$ (4,017)
TOTAL REVENUES	<u>643,378</u>	<u>639,361</u>	<u>(4,017)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other education programs	609,075	605,249	3,826
Support:			
Instructional staff services	2,922	2,922	-
Business and central services	935	935	-
TOTAL EXPENDITURES	<u>612,932</u>	<u>609,106</u>	<u>3,826</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>30,446</u>	<u>30,255</u>	<u>(191)</u>
<u>OTHER FINANCING USES</u>			
Transfers out	<u>(30,446)</u>	<u>(30,255)</u>	<u>191</u>
TOTAL OTHER FINANCING USES	<u>(30,446)</u>	<u>(30,255)</u>	<u>191</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2004	-	-	-
FUND BALANCE, JUNE 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - TITLE IV

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 403,529	\$ 403,529	\$ -
TOTAL REVENUES	<u>403,529</u>	<u>403,529</u>	<u>-</u>
<u>EXPENDITURES</u>			
Support:			
Pupil support services	395,616	395,616	-
TOTAL EXPENDITURES	<u>395,616</u>	<u>395,616</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>7,913</u>	<u>7,913</u>	<u>-</u>
<u>OTHER FINANCING USES</u>			
Transfers out	<u>(7,913)</u>	<u>(7,913)</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>(7,913)</u>	<u>(7,913)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2004	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - LOCAL GRANTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local sources:			
Other	\$ <u>385,337</u>	\$ <u>385,337</u>	\$ <u>-</u>
TOTAL REVENUES	<u>385,337</u>	<u>385,337</u>	<u>-</u>
EXPENDITURES			
Instruction:			
Other education programs	300,704	214,490	86,214
Support:			
Pupil support services	28,389	28,389	-
Instructional staff services	53,571	42,270	11,301
Administrative	92	92	-
Business and central services	186	186	-
Plant operations and maintenance	<u>6,324</u>	<u>6,324</u>	<u>-</u>
TOTAL EXPENDITURES	<u>389,266</u>	<u>291,751</u>	<u>97,515</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,929)</u>	<u>93,586</u>	<u>97,515</u>
OTHER FINANCING SOURCES			
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES	<u>100,000</u>	<u>100,000</u>	<u>-</u>
 NET CHANGE IN FUND BALANCE	96,071	193,586	97,515
 Fund balance, June 30, 2004	<u>361,358</u>	<u>361,358</u>	<u>-</u>
 FUND BALANCE, JUNE 30, 2005	\$ <u>457,429</u>	\$ <u>554,944</u>	\$ <u>97,515</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - DIRECT FEDERAL PROGRAMS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 650,846	\$ 630,804	\$ (20,042)
TOTAL REVENUES	<u>650,846</u>	<u>630,804</u>	<u>(20,042)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other education programs	519,787	501,975	17,812
Support:			
Pupil support services	46,830	46,830	-
Instructional staff services	3,291	3,291	-
Administrative	30	29	1
Business and central services	21,876	21,570	306
Plant operations and maintenance	2,134	2,134	-
Transportation	11,885	11,510	375
TOTAL EXPENDITURES	<u>605,833</u>	<u>587,339</u>	<u>18,494</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>45,013</u>	<u>43,465</u>	<u>(1,548)</u>
<u>OTHER FINANCING USES</u>			
Transfers out	<u>(45,013)</u>	<u>(43,465)</u>	<u>1,548</u>
TOTAL OTHER FINANCING USES	<u>(45,013)</u>	<u>(43,465)</u>	<u>1,548</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2004	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - SUMMER SCHOOL

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Local sources:			
Other	\$ 323,150	\$ 314,675	\$ (8,475)
TOTAL REVENUES	<u>323,150</u>	<u>314,675</u>	<u>(8,475)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other education programs	365,230	389,693	(24,463)
Support			
Administrative	45	45	-
Transportation	475	375	100
TOTAL EXPENDITURES	<u>365,750</u>	<u>390,113</u>	<u>(24,363)</u>
NET CHANGE IN FUND BALANCE	<u>(42,600)</u>	<u>(75,438)</u>	<u>(32,838)</u>
Fund balance, June 30, 2004	<u>383,851</u>	<u>383,851</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 341,251</u>	<u>\$ 308,413</u>	<u>\$ (32,838)</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - WBRH RADIO STATION TRAINING PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>			
Local sources:			
Other	\$ 247,200	\$ 260,832	\$ 13,632
TOTAL REVENUES	<u>247,200</u>	<u>260,832</u>	<u>13,632</u>
<u>EXPENDITURES</u>			
Instruction:			
Other education programs	<u>245,715</u>	<u>205,250</u>	<u>40,465</u>
TOTAL EXPENDITURES	<u>245,715</u>	<u>205,250</u>	<u>40,465</u>
 NET CHANGE IN FUND BALANCE	 1,485	 55,582	 54,097
 Fund balance, June 30, 2004	 <u>123,515</u>	 <u>123,515</u>	 <u>-</u>
 FUND BALANCE, JUNE 30, 2005	 <u>\$ 125,000</u>	 <u>\$ 179,097</u>	 <u>\$ 54,097</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - SERVE! BATON ROUGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 167,406	\$ 167,406	\$ -
TOTAL REVENUES	<u>167,406</u>	<u>167,406</u>	<u>-</u>
<u>EXPENDITURES</u>			
Instruction:			
Other education programs	3,582	3,582	-
Support:			
Pupil support services	90,994	90,994	-
Instructional staff services	72,813	72,813	-
Administrative	17	17	-
TOTAL EXPENDITURES	<u>167,406</u>	<u>167,406</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2004	-	-	-
FUND BALANCE, JUNE 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - LEARN AND SERVE AMERICA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 5,000	\$ 5,000	\$ -
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<u>EXPENDITURES</u>			
Instruction:			
Other education programs	<u>5,000</u>	<u>5,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>5,000</u>	<u>5,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2004	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - TECHNOLOGY LITERACY CHALLENGE (TITLE III)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 233,517	\$ 141,424	\$ (92,093)
TOTAL REVENUES	<u>233,517</u>	<u>141,424</u>	<u>(92,093)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other education programs	174,459	102,935	71,524
Support:			
Pupil support services	3,614	2,280	1,334
Instructional staff services	22,888	15,642	7,246
Business and central services	23,046	14,562	8,484
Plant operations and maintenance	3,075	1,994	1,081
Transportation	1,854	1,236	618
TOTAL EXPENDITURES	<u>228,936</u>	<u>138,649</u>	<u>90,287</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,581</u>	<u>2,775</u>	<u>(1,806)</u>
<u>OTHER FINANCING USES</u>			
Transfers out	<u>(4,581)</u>	<u>(2,775)</u>	<u>1,806</u>
TOTAL OTHER FINANCING USES	<u>(4,581)</u>	<u>(2,775)</u>	<u>1,806</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2004	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

WORKERS' COMPENSATION FUND

The *Workers' Compensation Fund* is designed to protect the School System against catastrophic losses in a single year in the area of employee related accidents.

RISK MANAGEMENT FUND

The *Risk Management Fund* is designed to account for the School System's property, general and automobile liability.

MEDICAL INSURANCE FUND

The *Medical Insurance Fund* accounts for the activity of the School System's managed health care program for its employees.

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005

	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Risk</u> <u>Management</u> <u>Fund</u>	<u>Medical</u> <u>Insurance</u> <u>Fund</u>	<u>Total</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,000,000	\$ -	\$ 225	\$ 3,000,225
Due from other funds	551,918	2,323,770	14,666,154	17,541,842
Reimbursement receivable	-	-	298,164	298,164
TOTAL ASSETS	<u>\$ 3,551,918</u>	<u>\$ 2,323,770</u>	<u>\$ 14,964,543</u>	<u>\$ 20,840,231</u>
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities:				
Accounts payable	\$ 130,570	\$ 32,931	\$ 278,356	\$ 441,857
Claims payable	2,782,313	3,077,735	8,222,455	14,082,503
TOTAL LIABILITIES	<u>2,912,883</u>	<u>3,110,666</u>	<u>8,500,811</u>	<u>14,524,360</u>
Net assets (unrestricted)	<u>639,035</u>	<u>(786,896)</u>	<u>6,463,732</u>	<u>6,315,871</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,551,918</u>	<u>\$ 2,323,770</u>	<u>\$ 14,964,543</u>	<u>\$ 20,840,231</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

PROPRIETARY FUND TYPE

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Risk</u> <u>Management</u> <u>Fund</u>	<u>Medical</u> <u>Insurance</u> <u>Fund</u>	<u>Total</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
<u>OPERATING REVENUES</u>				
Premiums received	\$ 1,225,082	\$ 1,874,214	\$ 76,569,177	\$ 79,668,473
TOTAL OPERATING REVENUE	<u>1,225,082</u>	<u>1,874,214</u>	<u>76,569,177</u>	<u>79,668,473</u>
<u>OPERATING EXPENSES</u>				
Claims expense	2,073,548	2,145,727	59,783,020	64,002,295
Insurance premiums	147,531	-	2,359,668	2,507,199
Administrative fees	211,537	77,195	2,864,680	3,153,412
TOTAL OPERATING EXPENSES	<u>2,432,616</u>	<u>2,222,922</u>	<u>65,007,368</u>	<u>69,662,906</u>
NET OPERATING INCOME (LOSS)	<u>(1,207,534)</u>	<u>(348,708)</u>	<u>11,561,809</u>	<u>-</u>
<u>NON-OPERATING REVENUES</u>				
Interest income	66,996	-	-	66,996
TOTAL NON-OPERATING REVENUES	<u>66,996</u>	<u>-</u>	<u>-</u>	<u>66,996</u>
CHANGE IN NET ASSETS	(1,140,538)	(348,708)	11,561,809	10,072,563
NET ASSETS at JUNE 30, 2004	<u>1,779,573</u>	<u>\$ (438,188)</u>	<u>\$ (5,098,077)</u>	<u>\$ (3,756,692)</u>
NET ASSETS at JUNE 30, 2005	<u>\$ 639,035</u>	<u>\$ (786,896)</u>	<u>\$ 6,463,732</u>	<u>\$ 6,315,871</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2005

	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Risk</u> <u>Management</u> <u>Fund</u>	<u>Medical</u> <u>Insurance</u> <u>Fund</u>	<u>Total</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash premiums received	\$ 1,225,082	\$ 1,874,214	\$ 76,611,803	\$ 79,711,099
Cash paid in claims and benefits	(2,043,635)	(2,413,565)	(64,435,361)	(68,892,561)
Cash paid for expenses	<u>(102,614)</u>	<u>(129,732)</u>	<u>(2,586,324)</u>	<u>(2,818,670)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(921,167)</u>	<u>(669,083)</u>	<u>9,590,118</u>	<u>7,999,868</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING</u>				
<u>ACTIVITIES:</u>				
Interfund advances	<u>617,451</u>	<u>669,083</u>	<u>(9,589,893)</u>	<u>(8,303,359)</u>
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>617,451</u>	<u>669,083</u>	<u>(9,589,893)</u>	<u>(8,303,359)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Interest Income	<u>66,996</u>	<u>-</u>	<u>-</u>	<u>66,996</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>66,996</u>	<u>-</u>	<u>-</u>	<u>66,996</u>
NET CHANGE IN CASH	(236,720)	-	225	(236,495)
Cash at beginning of year	<u>3,236,720</u>	<u>-</u>	<u>-</u>	<u>3,236,720</u>
CASH AT END OF YEAR	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 225</u>	<u>\$ 3,000,225</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (1,207,534)	\$ (348,708)	\$ 11,561,809	\$ 10,005,567
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in:				
Reimbursement receivables	-	-	42,626	42,626
Accounts and claims payable	<u>286,367</u>	<u>(320,375)</u>	<u>(2,014,317)</u>	<u>(2,048,325)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (921,167)</u>	<u>\$ (669,083)</u>	<u>\$ 9,590,118</u>	<u>\$ 7,999,868</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

FIDUCIARY FUND TYPE - AGENCY FUNDS

CONSOLIDATED PAYROLL FUND

The *Consolidated Payroll Fund* was established to account for the payroll deductions and withholdings for all employees paid by the School System.

SCHOOL ACTIVITY FUND

The activities of the various individual school accounts are accounted for in the *School Activity Fund*. While the fund is under the supervision of the School System, these monies belong to the individual schools or their student bodies and are not available for use by the School System.

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2005

	<u>Consolidated Payroll Fund</u>	<u>School Activity Fund</u>	<u>Agency Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 4,136,388	\$ 4,136,388
Accounts receivable	122,838	-	122,838
Due from other funds	9,890,634	-	9,890,634
TOTAL ASSETS	<u>\$ 10,013,472</u>	<u>\$ 4,136,388</u>	<u>\$ 14,149,860</u>
<u>LIABILITIES</u>			
Benefits payable	\$ 2,252,809	\$ -	\$ 2,252,809
Salaries payable	5,636,491	-	5,636,491
Payroll withholdings payable	1,891,188	-	1,891,188
Amounts held for other groups	232,984	4,136,388	4,369,372
TOTAL LIABILITIES	<u>\$ 10,013,472</u>	<u>\$ 4,136,388</u>	<u>\$ 14,149,860</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FISCAL YEAR ENDED JUNE 30, 2005

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
<u>CONSOLIDATED PAYROLL FUND</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 266,605,770	\$ 266,605,770	\$ -
Accounts receivable	119,802	733,607	730,571	122,838
Due from other funds	8,000,401	229,357,322	227,467,089	9,890,634
TOTAL ASSETS	<u>\$ 8,120,203</u>	<u>\$ 496,696,699</u>	<u>\$ 494,803,430</u>	<u>\$ 10,013,472</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 66,255,355	66,022,371	\$ 232,984
Benefits payable	1,356,733	58,410,504	57,514,428	2,252,809
Salaries payable	5,306,556	8,778,374	8,448,439	5,636,491
Payroll withholdings payable	1,456,914	75,443,402	75,009,128	1,891,188
TOTAL LIABILITIES	<u>\$ 8,120,203</u>	<u>\$ 208,887,635</u>	<u>\$ 206,994,366</u>	<u>\$ 10,013,472</u>
<u>SCHOOL ACTIVITY FUND</u>				
<u>ASSETS</u>				
Cash and cash equivalents				
TOTAL ASSETS	<u>\$ 4,300,798</u>	<u>\$ 17,546,854</u>	<u>\$ 17,711,264</u>	<u>\$ 4,136,388</u>
<u>LIABILITIES</u>				
Amounts held for other groups	4,300,798	17,546,854	17,711,264	4,136,388
TOTAL LIABILITIES	<u>\$ 4,300,798</u>	<u>\$ 17,546,854</u>	<u>\$ 17,711,264</u>	<u>\$ 4,136,388</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 4,300,798	\$ 284,152,624	\$ 284,317,034	\$ 4,136,388
Accounts receivable	119,802	733,607	730,571	122,838
Due from other funds	8,000,401	229,357,322	227,467,089	9,890,634
TOTAL ASSETS	<u>\$ 12,421,001</u>	<u>\$ 514,243,553</u>	<u>\$ 512,514,694</u>	<u>\$ 14,149,860</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 66,255,355	\$ 66,022,371	\$ 232,984
Benefits payable	1,356,733	58,410,504	57,514,428	2,252,809
Salaries payable	5,306,556	8,778,374	8,448,439	5,636,491
Payroll withholdings payable	1,456,914	75,443,402	75,009,128	1,891,188
Amounts held for other groups	4,300,798	17,546,854	17,711,264	4,136,388
TOTAL LIABILITIES	<u>\$ 12,421,001</u>	<u>\$ 226,434,489</u>	<u>\$ 224,705,630</u>	<u>\$ 14,149,860</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

COMPARATIVE SCHEDULE OF CAPITAL ASSETS - BY SOURCES

JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Capital assets:		
Land	\$ 8,352,161	\$ 8,352,161
Buildings and improvements	239,687,747	215,978,874
Furniture and equipment	31,858,616	32,861,312
Construction in progress	16,797,310	17,975,655
	<u>296,695,834</u>	<u>275,168,002</u>
TOTAL CAPITAL ASSETS	<u>\$ 296,695,834</u>	<u>\$ 275,168,002</u>
Capital assets from:		
Capital projects fund	\$ 137,464,578	\$ 138,043,564
Other governmental funds	159,231,256	137,124,438
	<u>296,695,834</u>	<u>275,168,002</u>
TOTAL ASSETS AT COST	<u>\$ 296,695,834</u>	<u>\$ 275,168,002</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

SCHEDULE OF CAPITAL ASSETS AT COST - BY FUNCTION
JUNE 30, 2005

<u>Function</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Administrative	\$ 48,642	\$ 4,316,084	\$ 8,136,107	\$ -	\$ 12,500,833
Instructional	7,563,219	232,245,751	10,688,863	16,797,310	267,295,143
Maintenance	740,300	3,125,912	13,033,646	-	16,899,858
TOTAL	\$ 8,352,161	\$ 239,687,747	\$ 31,858,616	\$ 16,797,310	\$ 296,695,834

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY FUNCTION
FISCAL YEAR ENDED JUNE 30, 2005

<u>Function</u>	<u>Capital Assets June 30, 2004</u>	<u>Additions</u>	<u>Adjustments and Deductions</u>	<u>Capital Assets June 30, 2005</u>
Administrative	\$ 12,475,518	\$ 823,437	\$ (798,122)	\$ 12,500,833
Instructional	245,161,725	40,843,048	(18,709,630)	267,295,143
Maintenance	17,530,759	-	(630,901)	16,899,858
 TOTAL	 \$ 275,168,002	 \$ 41,666,485	 \$ (20,138,653)	 \$ 296,695,834



Quality and Equity:

EBR
East Baton Rouge
Parish School System

The East Baton Rouge Parish School System
does not discriminate on
the basis of race, color, national
origin, sex, handicap
or disability.

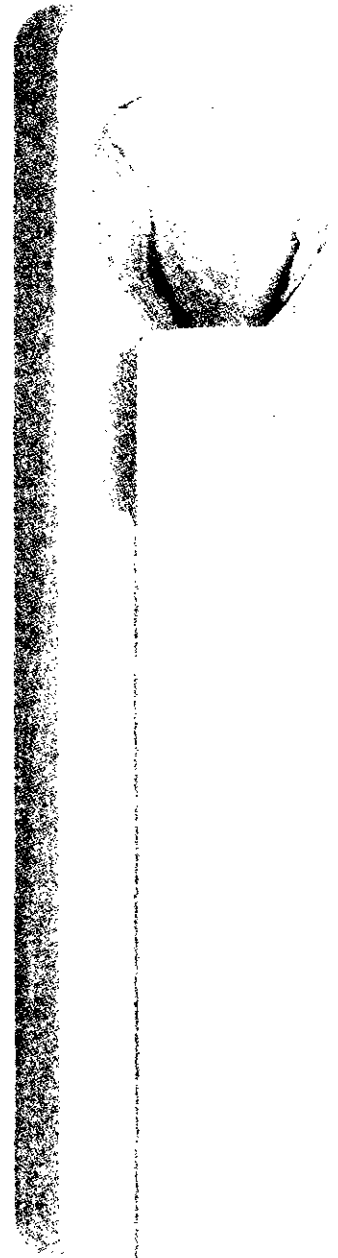
Our Children Are the Reason

Comprehensive Annual Financial Report

Statistical Section



The School System of Choice with High Expectations for All



EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

GENERAL SCHOOL SYSTEM REVENUES AND PROGRAM REVENUES BY SOURCE -
LAST TEN FISCAL YEARS

Fiscal Year	Total	Ad Valorem Taxes & Revenue Sharing	Sales and Use Taxes	Minimum Foundation Program (State)	Grants & Contributions	Charges for Services	Interest & Misc.
1996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1997	-	-	-	-	-	-	-
1998	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-
2001	408,076,584	80,948,157	122,957,236	134,999,246	54,691,805	8,891,062	5,589,078
2002	423,447,102	85,484,446	125,380,879	143,066,171	55,170,236	9,178,192	5,167,178
2003	430,823,509	89,343,891	128,970,873	138,122,384	64,119,524	5,445,730	4,821,107
2004	404,459,515	92,352,567	123,438,777	118,772,955	61,133,064	4,879,806	3,882,346
2005	427,394,980	97,935,146	128,856,908	122,712,378	67,551,209	4,950,007	5,389,332

GENERAL SCHOOL SYSTEM EXPENSES BY FUNCTION -
LAST TEN FISCAL YEARS

Fiscal Year	Total	Instructional (1)	Maintenance & Operations	Transportation	Food Service	General Administrative/ Business Service/Misc. (2)
1996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1997	-	-	-	-	-	-
1998	-	-	-	-	-	-
1999	-	-	-	-	-	-
2000	-	-	-	-	-	-
2001	371,265,725	268,599,402	38,475,183	20,691,466	24,437,035	19,062,639
2002	379,276,899	279,621,545	34,775,378	21,975,939	26,804,429	16,099,608
2003	400,996,103	289,064,589	43,630,455	22,734,348	27,805,218	17,761,493
2004	383,026,219	267,856,267	40,656,948	23,453,713	24,940,146	26,119,145
2005	393,262,203	278,422,887	45,399,347	23,512,199	25,339,113	20,588,657

General School System Revenue, Program Revenue, and Expense data is not readily available on a consolidated basis for fiscal years ending 1996 – 2000 due to GASB 34 not being implemented until fiscal year ended 2001.

(1) Includes amounts for (a) school administration, (b) regular and special education, (c) instructional and pupil support services and (d) charter school appropriations.

(2) Includes amounts for (a) general administration, (b) debt service, and (c) business services.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

GENERAL FUND REVENUES BY SOURCES
LAST TEN FISCAL YEARS

Fiscal Year	Total	Ad Valorem Taxes & Revenue Sharing	Sales and Use Taxes	State Support	Federal Grants	Misc.
1996	\$255,740,159	\$55,385,334	\$56,354,829	\$138,750,975	\$1,107,308	\$4,141,713
1997	259,201,923	57,514,153	58,493,172	138,881,824	478,649	3,834,125
1998	273,511,530	62,573,263	61,754,604	144,027,982	499,997	4,655,684
1999	290,490,251	66,270,647	71,015,058	146,445,025	418,508	6,341,013
2000	282,894,723	71,416,770	65,697,498	141,334,073	456,814	3,989,568
2001	284,171,770	75,788,351	65,425,555	138,358,780	483,499	4,115,585
2002	297,555,836	80,229,776	66,670,948	145,918,169	520,013	4,216,930
2003	300,224,403	84,041,927	68,559,736	142,307,758	641,380	4,673,602
2004	279,833,117	87,160,235	65,714,166	122,351,509	496,949	4,110,258
2005	293,207,382	92,686,621	68,399,106	126,184,582	554,808	5,382,265

GENERAL FUND EXPENDITURES BY FUNCTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total	Instructional (1)	Maintenance and Operations	Transportation	General Administrative/ Business Service Misc. (2)
1996	\$249,828,590	\$191,372,071	\$30,405,442	\$16,410,731	\$11,640,346
1997	250,212,864	190,029,180	32,279,430	15,710,748	12,193,506
1998	272,520,857	201,165,847	35,199,598	19,894,201	16,261,211
1999	284,928,535	219,421,887	33,234,697	16,845,443	15,426,508
2000	286,546,865	219,107,378	34,366,787	17,428,537	15,644,163
2001	291,367,820	215,080,177	39,082,228	21,090,464	16,114,951
2002	284,040,090	216,270,318	33,014,060	18,855,883	15,899,829
2003	292,304,484	217,397,642	38,382,662	19,188,217	17,335,963
2004	282,802,636	203,349,396	39,573,985	22,348,275	17,530,980
2005	283,707,895	207,520,424	37,235,049	20,836,495	18,115,927

(1) Includes amounts for (a) school administration, (b) regular and special education, and (c) instructional and pupil support services and capital outlay.

(2) Includes amounts for (a) general administration, (b) debt service, and (c) business services.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Levy Collections</u>	<u>Percent of Levy Collected</u>	<u>Prior Year Tax Collections</u>	<u>Total Collections</u>	<u>Ratio of Total Collections to Tax Levy</u>
1995	\$56,702,992	\$54,839,950	96.7%	\$1,195,461	\$56,035,411	98.8%
1996	58,955,243	57,218,310	97.1	912,641	58,130,951	98.6
1997	63,713,890	61,865,128	97.1	1,445,784	63,310,912	99.4
1998	68,642,992	66,837,246	97.4	220,648	67,057,894	97.7
1999	71,821,605	70,189,060	97.7	706,666	70,895,726	98.7
2000	76,759,889	74,426,059	97.0	818,601	75,244,660	98.0
2001	81,264,695	78,653,814	96.8	996,909	79,650,723	98.0
2002	85,045,184	82,718,422	97.3	706,402	83,424,824	98.1
2003	85,891,174	85,598,317	99.7	860,045	86,458,362	100.7
2004	93,630,316	91,569,038	97.8	525,940	92,094,978	98.4

(1) "Total Tax Levy" represents the original levy of the Assessor, less the amount of homestead exemption, and is the amount to be paid by the taxpayer.

The amounts to be paid by the taxpayer are ultimately collected in full, except for adjustments due to assessment errors and delayed homestead exemptions. The amount paid by the State Treasurer for homestead exemption is based on an appropriation formula by the State of Louisiana.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (1)

Fiscal Year	Assessed Value (3)	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value (2)
1995	\$1,738,389,370	\$15,803,539,727	11%
1996	1,864,291,964	16,948,108,764	11
1997	1,984,916,760	18,044,697,818	11
1998	2,110,523,938	19,186,581,255	11
1999	2,196,149,252	19,964,993,200	11
2000	2,324,089,310	21,128,084,636	11
2001	2,437,458,220	22,158,711,091	11
2002	2,533,605,400	23,032,776,364	11
2003	2,669,273,996	24,266,127,236	11
2004	2,885,035,660	26,227,596,909	11

(1) Source: Comprehensive Annual Financial Report of City-Parish Government of Baton Rouge.

(2) Actual Valuation (Market Value) as Compared to Assessed Valuation

Residential properties are assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. The overall assessed value is estimated to be 11% of actual market value.

(3) Exempt Properties

Does not include exempt assessed valuations as follows:

	<u>2004</u>	<u>2003</u>
(a) Manufacturing plants under a ten-year contract	\$ 550,738,864	\$ 491,031,632
(b) Churches, schools, and government buildings	<u>65,445,638</u>	<u>62,784,138</u>
Total Exempt Properties	<u>\$ 616,184,502</u>	<u>\$ 553,815,770</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS (1)
LAST TEN FISCAL YEARS

Fiscal Year	City		Parish			
	Operating	Operating	Debt Service (2)	Mosquito Rodent Tax	Library Board of Control	Emergency Medical Services
<u>TAX RATES (mills per dollar)</u>						
1995	8.74	4.38	2.85	1.23	8.33	3.13
1996	8.50	4.20	1.22	1.18	11.10	3.00
1997	8.50	4.20	0.63	1.18	11.10	3.00
1998	8.50	4.20	-	1.18	11.10	3.00
1999	8.50	4.20	-	1.18	11.10	3.00
2000	8.34	4.06	-	1.14	10.72	2.90
2001	8.34	4.06	-	1.14	10.72	2.90
2002	8.34	4.06	-	1.14	10.72	2.90
2003	8.34	4.06	-	1.14	10.72	2.90
2004	7.84	6.00	-	1.23	9.97	2.70

<u>TAX LEVIES</u>						
1995	\$ 7,630,188	\$ 7,614,145	\$ 4,954,410	\$ 2,138,219	\$ 14,480,783	\$ 5,441,159
1996	7,923,458	7,830,026	2,274,436	2,199,865	20,693,641	5,592,876
1997	8,253,582	8,336,650	1,250,498	2,342,202	22,032,576	5,954,750
1998	8,662,650	8,864,201	-	2,490,418	23,426,816	6,331,572
1999	8,924,989	9,223,827	-	2,591,456	24,377,257	6,588,448
2000	9,233,409	9,435,803	-	2,649,462	24,914,237	6,739,859
2001	9,412,866	9,896,080	-	2,778,702	26,129,552	7,068,629
2002	9,622,772	10,286,438	-	2,888,310	27,160,250	7,347,456
2003	10,048,391	10,837,252	-	3,042,972	28,614,617	7,740,895
2004	10,067,328	10,905,435	-	3,548,594	28,763,806	7,789,596

The tax levies represent the original levy of the Assessor and include the homestead exemption amount.

All taxes are billed when assessment rolls are filed during the month of November of the current tax year. Taxes become delinquent on January 1 of the following year. Penalty for delinquent taxes is 15% per annum. No discounts are allowed for taxes and there is no provision for partial payments.

Taxpayers who have not paid their taxes by January 2 of each year are notified by the Sheriff through registered mail that all taxes must be paid within 20 days from the date of notice. After expiration of the 20th day, the Sheriff shall sell the least quantity of property of any debtor which any bidder will buy for the amount of taxes, interest and cost due.

By agreement, the East Baton Rouge Parish Sheriff is the tax collector for City property taxes and receives a commission of 4.5% of total taxes collected for the City. The Sheriff, as provided by State law, is the official tax collector of general property taxes levied by the Parish and Parish Special Districts.

School District	Parish			Total
	Recreation and Park	Law Enforcement District	Assessor's Salary and Expense Fund	
43.45	10.97	14.99	1.53	100.14
43.45	10.95	14.99	1.53	99.53
43.45	10.95	14.99	1.53	98.90
43.45	10.95	14.99	1.53	98.90
43.45	10.95	14.99	1.48	98.03
43.45	10.95	14.99	1.48	98.03
43.45	10.95	14.99	1.48	98.03
43.45	10.95	14.99	1.48	98.03
43.45	10.95	14.99	1.48	98.03
43.45	10.95	14.99	1.38	98.51
\$ 78,818,574	\$ 19,904,558	\$ 26,058,457	\$ 2,781,423	\$ 169,821,916
81,003,486	20,451,283	27,945,737	2,852,367	178,767,175
86,244,633	21,734,839	29,753,902	3,036,923	188,940,555
91,702,265	23,110,237	31,636,754	3,229,102	199,454,015
95,422,686	24,047,834	32,920,277	3,360,108	207,456,882
100,981,681	25,448,778	34,838,099	3,439,652	217,680,980
105,907,560	26,690,168	36,537,499	3,607,438	228,028,494
110,085,155	27,742,979	37,978,745	3,749,736	236,861,841
109,279,071	29,228,550	40,012,417	3,950,525	242,754,690
117,833,099	31,591,140	43,246,685	3,981,349	257,727,032

(1) Not included are the following: Consolidated Road Lighting District No. 1, Consolidated Garbage District No. 1, St. George Fire Protection District, Alsen Fire Protection District, Brownsfield Fire Protection District, Central Fire Protection District, Eastside Fire Protection District, East Baton Rouge Parish Fire Protection District No. 6, Downtown Development District, Pontchartrain Levee District, City of Baker and City of Zachary. These represent isolated areas that affect less than a majority of City-Parish residents.

(2) Parishwide debt

Source: East Baton Rouge Parish Assessor's Grand Recapitulation of the Assessment Roll for the Parish of East Baton Rouge.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

COMPUTATION OF LEGAL DEBT MARGIN
FISCAL YEAR ENDED JUNE 30, 2005

Debt Limit of Twenty-Five Percent (25%) of Assessed Value (1)	\$ 721,258,915
Less: Total Bonded Debt	<u> -</u>
Legal Debt Margin	<u>\$ 721,258,915</u>

(1) Legal debt limit of 25% is established by Louisiana Revised Statute Title 39, Section 562.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2004

	Gross Debt Outstanding	Amounts in Debt Service Fund for Principal	Net Debt Outstanding
<u>East Baton Rouge Parish School System:</u>			
Qualified Zone Academy Bond Program	\$ 1,718,182	\$ -	\$ 1,718,182
<u>Overlapping Debt:</u>			
City of Baker	1,454,000	1,165,118	288,882
City of Zachary	1,972,912	-	1,972,912
Hospital Service District No. 1 (Lane Memorial Hospital)	7,614,595	1,011,445	6,603,150
St. George Fire Protection District	1,632,674	-	1,632,674
Central Fire Protection District No. 4	500,000	-	500,000
Port of Greater Baton Rouge	7,691,105	340,000	7,351,105
Parish of East Baton Rouge			
- LA Community Development Authority	1,803,555	-	1,803,555
City of Baton Rouge			
- 2002A Variable Rate Taxable Refunding	24,470,000	-	24,470,000
- 2002B Variable Rate Taxable Refunding	45,365,000	-	45,365,000
	<u>92,503,841</u>	<u>2,516,563</u>	<u>89,987,278</u>
 TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 94,222,023</u>	<u>\$ 2,516,563</u>	<u>\$ 91,705,460</u>

Overlapping governments are those that coincide at least in part, with the geographic boundaries of the parish. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. The percentage of overlapping debt applicable is estimated using assessed property values and calculated by determining the portion of the district's taxable assessed value within East Baton Rouge Parish and dividing it by the Parish's total taxable assessed value. The percentage is estimated to be 46%.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (3)</u>	<u>Median Age (1)</u>	<u>Public School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>	<u>Unemployment Labor Market Area (6)</u>
1995	398,661	\$19,288	29.9	57,430	5.6%	6.2%
1996	399,992	20,484	29.9	56,576	5.3	5.8
1997	396,331	22,361	29.9	56,135	4.2	4.4
1998	396,556	23,077	29.9	55,507	3.3	3.7
1999	399,105	23,561	29.9	54,518	2.7	3.0
2000	412,852 (2)	25,592	31.5	54,448	4.2	4.8
2001	414,040	26,604	31.5	52,317	4.9	5.5
2002	414,833	25,956	31.5	50,961	5.0	5.6
2003	416,881	27,073	30.4	44,997	5.8	6.5
2004	416,492	28,474	31.5	45,266	6.5 (7)	6.7 (7)

All information is parishwide.

- (1) Estimates – Louisiana Tech University for the U.S. Bureau of the Census
- (2) Official U. S. Census
- (3) Estimates - Bureau of Economic Analysis
- (4) East Baton Rouge Parish School System – October 1, 2004 enrollment excludes pre-kindergarten.
- (5) Louisiana Department of Labor - Benchmark rates for East Baton Rouge Parish only - These data are disaggregated using claims for unemployment compensation and population sharing ratios which are applied to present market area estimates and are valid only for the allocation of manpower revenue sharing funds.
- (6) Louisiana Department of Labor - Baton Rouge Labor Market area includes East Baton Rouge, Ascension, Livingston, and West Baton Rouge Parishes. The Labor Market Rate reflects unemployment in Baton Rouge and the surrounding area. Baton Rouge serves as the focus of employment for many of the parishes that border it.
- (7) Preliminary figures.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Calendar Year	Estimated Actual Property Values	Commercial Construction (2)		Residential Construction (2)		Bank Deposits(1) (In Thousands)
		Number of Permits	Value	Number of Permits	Value	
1995	\$ 15,803,539,727	958	\$ 210,975,208	2,160	\$ 93,878,466	\$ 17,685,694 (3)
1996	16,948,108,764	1,037	262,585,974	2,312	109,909,237	19,428,938 (3)
1997	18,044,697,810	1,104	197,840,970	2,081	100,546,972	19,214,205 (3)
1998	19,186,581,225	870	218,408,621	2,182	107,752,471	4,696,591
1999	19,964,993,200	991	279,127,563	2,382	117,686,932	5,263,770
2000	21,128,084,636	907	276,550,291	1,832	97,868,821	5,180,209
2001	22,158,711,091	837	281,290,772	2,343	122,285,336	5,118,304
2002	23,032,776,364	938	307,698,093	2,121	128,520,845	6,214,923
2003	24,266,127,236	998	310,668,484	2,581	163,072,160	See Below
2004	26,227,596,909	775	336,407,203	2,777	183,665,120	See Below

	Bank Deposits (In Thousands)(1)	
	2004	2003
Hibernia National Bank	\$1,716,393	\$1,764,500
Bank One, N.A.	2,536,046	2,429,370
Alliance Bank of Baton Rouge	-	67,639
Iberia Bank	66,648	-
American Gateway Bank	54,115	55,290
Whitney National Bank	346,560	277,909
Regions Bank of Louisiana	278,027	239,631
Bank One Trust Company, National Association	881	17,182
Hancock Bank of Louisiana	608,246	635,694
Union Planters Bank	582,898	618,810
Britton & Koontz First National Bank	31,324	34,274
AmSouth Bank	78,575	78,873
Liberty Bank & Trust Company	14,763	17,358
Citizens Bank & Trust Company	35,410	33,168
Iberville Trust & Savings Bank	1,748	-
Bank of Zachary	102,729	95,018
Business Bank of Baton Rouge	126,389	119,411
First National Banker's Bank	96,646	77,746
First Bank and Trust	10,556	29,592
First Bank	53,528	40,990
Dillard National Bank	-	500
Teche Federal Savings Bank	14814	-
The Highlands Bank	5,282	5,775
Clinton Bank & Trust Company	11,514	10,371
Fidelity Bank & Trust Company	96,394	89,358
	<u>\$6,869,486</u>	<u>\$6,738,459</u>

All Information is Parish-wide unless otherwise noted

(1) Source: Louisiana State Office of Financial Institutions.

(2) Source: Department of Public Works - Inspection Division.

(3) Information on bank deposits is statewide prior to 1998.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

PARISH OF EAST BATON ROUGE - PRINCIPAL TAXPAYERS

<u>Taxpayers</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation (1)</u>	<u>Percentage of Total Assessed Valuation</u>
Exxon/Mobile Corporation	Petroleum Products	\$ 199,833,040	6.93 %
Entergy, Inc.	Electric and Gas Utility	60,678,230	2.10
Bell South Communications	Telephone Utility	55,205,350	1.91
Georgia-Pacific Corporation	Pulp and Paper Products	45,242,020	1.57
Bank One	Bank	40,603,250	1.41
Hibernia National Bank	Bank	28,809,650	1.00
Baton Rouge Water Company	Water Utility	15,217,620	0.53
Formosa Plastics	Plastic Manufacturer	14,254,300	0.49
Wal-Mart	Retail Stores	13,753,750	0.48
Paxon Polymer	Plastic Manufacturer	13,055,750	0.45
		<u>\$ 486,652,960</u>	<u>16.87 %</u>

(1) Source: East Baton Rouge Parish Assessor's Office.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

BOARD MEMBERS' COMPENSATION
JUNE 30, 2005

<u>Name</u>	<u>Compensation Base (1)</u>	<u>Additional Compensation (3)</u>	<u>Total</u>
Black, William	\$ 9,600	\$ -	\$ 9,600
Devall, Dalton	9,600	356	9,956
Dyason, Jill	9,600	544	10,144
Hammatt, Noel	9,600	-	9,600
Harrell, Cooper	3,200	-	3,200
Haynes-Smith, Patricia (2)	10,100	96	10,196
Kelley, Ingrid	9,600	848	10,448
Moser, Roger (2)	10,300	-	10,300
Pratt, Warren	9,600	649	10,249
Robertson, Darryl L.	9,600	309	9,909
Smith, Tarvald A.	9,600	595	10,195
Thorton, Clarence	4,800	36	4,836
	<u>\$ 105,200</u>	<u>\$ 3,433</u>	<u>\$ 108,633</u>

Notes:

- (1) Base compensation per member is \$800 per month.
- (2) Presiding President of the Board receives \$900 per month in base compensation.
- (3) Each board member is reimbursed for mileage @ .34 cents per mile. These meetings are exclusive of normally scheduled Board meetings.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

TEN LARGEST EMPLOYERS BY INDUSTRY

<u>Type of Industry</u>	<u>Company Name</u>
Hospital	Our Lady of the Lake Regional Medical Center
Telemarketing	West Telemarketing, SVC
Petroleum Products Plastic Products	Exxon Mobil Refining and Supply
University	Southern University
Chemical Products	Exxon Mobil Chemical Co.
Hospital	Baton Rouge General Medical Center
Government	Recreation and Park Commission
Contractor	Performance Contractors, Inc.
University	Louisiana State University School of Medicine
Medical Center	US Veterans Medical Center

Source: Louisiana Department of Labor-based on information available as of first quarter of 2004. Includes firms with 1,000 or more employees.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2005

Year of Incorporation	1877
Form of Government	President/School System
Area of Parish	472.1 Square Miles
Regular School Days	180
Number of Schools:	
K-5	53
K-6	1
Middle Schools (6-8 only)	13
Jr. High and High Schools (7-12)	1
High Schools (9-12 only)	12
Special Education Schools	4
Middle/High Alternative School	4
SUBTOTAL	<u>88</u>
Charter Schools	<u>3</u>
TOTAL	<u>91</u>
Enrollment (Public School Only):(1)	
Pre-School	520
Kindergarten	3,740
Grades 1-5	17,886
Grades 6-8	11,367
Grades 9-12	<u>11,383</u>
SUBTOTAL	44,896
Charter Schools	
Kindergarten	37
Grades 1-5	203
Grades 6-8	130
TOTAL	<u>45,266</u>

(1) Public School Enrollment at 10/01/04.



East Baton Rouge Parish School System
1050 South Foster Drive
Baton Rouge, Louisiana 70806
www.ebrschools.org

EAST BATON ROUGE PARISH SCHOOL SYSTEM

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

AND PERFORMANCE MEASUREMENT DATA

JUNE 30, 2005



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

East Baton Rouge Parish School System
Baton Rouge, Louisiana

We have audited the financial statements of the East Baton Rouge Parish School System as of and for the year ended June 30, 2005, and have issued our report thereon dated October 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the East Baton Rouge Parish School System'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the East Baton Rouge Parish School System in a separate letter dated October 28, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Baton Rouge Parish School System'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 or other matters that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to the management of the East Baton Rouge Parish School System in a separate letter dated October 28, 2005.

This report is intended for the information of the East Baton Rouge Parish School System, management, federal and state awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Baton Rouge, Louisiana
October 28, 2005



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EXHIBIT B
Page 1 of 2

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

East Baton Rouge Parish School System
Baton Rouge, Louisiana

Compliance

We have audited the compliance of the East Baton Rouge Parish School System with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The East Baton Rouge Parish School System's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the East Baton Rouge Parish School System's management. Our responsibility is to express an opinion on the East Baton Rouge Parish School System's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the East Baton Rouge Parish School System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the East Baton Rouge Parish School System's compliance with those requirements.

In our opinion, the East Baton Rouge Parish School System complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2005-1.

Internal Control Over Compliance

The management of the East Baton Rouge Parish School System is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the East Baton Rouge Parish School System's internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the East Baton Rouge Parish School System as of and for the year ended June 30, 2005, and have issued our report thereon dated October 28, 2005. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the East Baton Rouge Parish School System, management, federal and state awarding agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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Baton Rouge, Louisiana
October 28, 2005



**EAST BATON ROUGE PARISH SCHOOL SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2005**

EXHIBIT C

U.S. DEPT. OF EDUCATION

PROGRAM NAME	FEDERAL CFDA NUMBER	GRANTOR PROJECT NUMBER	EXPENDITURES
Vocational Ed Carl Perkins Basic Grant '05	84.048	28-05-02-17	\$ 732,876
Vocational Ed Carl Perkins Basic Grant FY2004 C/C'05	84.048	28-04-02-17-C	15,566
Adult Ed- Federal Funds FY03 C/O to '04	84.002A	280344-17C	18,971
Adult Ed- Federal Funds '04	84.002A	0444-17	78,349
Adult Ed Federal English Language/Civics '04	84.002A	0407-17	12,062
Adult Ed - Federal Funds '05	84.002A	28-05-44-17	495,575
Adult Ed Federal English Language/Civics '05	84.002A	28-05-07-17	29,263
Adult Ed One Stop Centers '05	84.002A	28-05-13-17	5,141
TITLE I State School Improvement '05	84.010A	04-TA-17	386,627
Title I Part A - Basic '05	84.010A	28-05-T1-17	12,732,416
Title I Part A - Basic FY2004 C/O '05	84.010A	28-04-T1-17C	2,944,011
TITLE I State School Improvement '04	84.010A	03-TA-17	26,984
Title I Part A - Basic '04	84.010A	04-T1-17	1,912,496
Title I Part A Basic FY003 C/O '04	84.010A	03-T1-17C	226,991
Special Ed. IDEA Part B FY03 C/O '04	84.027A	03-B1-17C	305,829
Special Ed. IDEA District & School Improvement '05	84.027A	28-04-SD-17	7,343
Special Ed. IDEA PREGED Skills Options '04	84.027A	2803BG-17	36,457
Special Ed. IDEA Part B '04	84.027A	28-04-B1-17	1,400,672
Special Ed LA Assistive Technology Initiative '04	84.027A	28-03-B6-17	90,084
Special Ed Children Assistive Technology Needs '04	84.027A	28-03-B7-17	25,265
Special Ed IDEA Supplemental '04	84.027A	28-03-B8-17	157,057
Special Ed. IDEA-Part B '05	84.027A	28-05-B1-17	3,786,864
Special Ed. IDEA-Part B FY2004 C/O '05	84.027A	28-04-B1-17C	1,996,969
Special Ed LA Assistive Technology Initiative '05	84.027A	28-04-B6-17	170,508
Special Ed. Preschool Set Aside '04	84.173A	03-P2-17	453
Special Ed Preschool Flow-Through '04	84.173A	28-04-P1-17	65,180
Special Ed Preschool Flow-Through '05	84.173A	28-05-P1-17	136,072
Special Ed Preschool Flow-Through '04 C/O '05	84.173A	28-04-P1-17C	56,279
Title IV - Safe & Drug-Free Schools & Communities '04	84.186A	04-70-17	17,561
Title IV - Safe & Drug-Free Schools & Communities '05	84.186A	28-05-70-17	385,968
Title I - Education for Homeless Children & Youth '05	84.196A	28-05-H1-17	70,816
Project EARMARK (FIE) '05 (1)	84.215K (1)	U215K040406 (1)	69,510
Title V - Teacher Advancement Program (TAP) (FIE) '05	84.215K	28-05-AP-17	7,657
Teaching American History '03 (1)	84.215X (1)	S215X010294 (1)	332,178
Project MOSAIC Bilingual Education '05 (1)	84.290U (1)	T290U000100-04 (1)	226,038
Title V - Innovative Education Program Strategies '04	84.298A	04-80-17	(125,183)
Title V-Innovative Education Program Strategies FY03 C/O '04	84.298A	03-80-17C	234,900
Title V - Innovative Education Program Strategies '05	84.298A	28-05-08-17	300,990
Title II - FIRST Tech '04	84.318X	0403-17	75,866
Title II - SCHOOL Tech '04	84.318X	0446-17	63,926
Title II - Enhancing Education Though Technology '04 C/O '05	84.318X	280449-17C	2,136
Title II - LINCSTECH '03 C/O'04	84.318X	0346-17C	355
Title II - Enhancing Education Though Technology '04	84.318X	280449-17	104,689
Title II - Enhancing Education Though Technology '05	84.318X	28-05-49-17	339,596
Title II - FIRST Tech '03 C/O '04	84.318X	0303-17C	7,705
Title I - Comprehensive School Reform (CSRP) '04	84.332A	03-T6-17C	88,470
Title I - CSRP - Fund for Improvement In Education '04	84.332A	03-T7-17-C	18,376
Title I Comprehensive School Reform - Cohort 3 '05	84.332A	28-04-T6-17-C	174,935
Title I Comprehensive School Reform - Cohort 3 FIE '05	84.332A	28-04-T7-17-C	22,689
LSU - GEAR-UP '05 (4)	84.334A (4)	P334A000052 (4)	236,028
Literacy & School Libraries '03 (1)	84.364A (1)	S364A020023 (1)	3,078
Title III - Student Influx FY2003 C/O '04	84.365A	03-S3-17C	127
Title III English Language Acquisition FY03 C/O '04	84.365A	03-60-17C	8,455
Title III English Language Acquisition '04	84.365A	28-04-60-17	(2,064)
Title III - English Language Acquisition FY2004 C/O '05	84.365A	28-04-60-17C	14,000
Title III - English Language Acquisition '05	84.365A	28-05-60-17	120,906
Title II Part B - Mathematics and Science Partnerships '04	84.366B	2804MP-17	182,390

**EAST BATON ROUGE PARISH SCHOOL SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2005.**

EXHIBIT C

PROGRAM NAME	FEDERAL CFDA NUMBER	GRANTOR PROJECT NUMBER	EXPENDITURES
Title II, Part A Teacher/Principal Training & Recruiting Fund '04	84.367A	04-50-17	488,909
Title II, Part A Teacher/Principal Training & Recruiting Fund '05	84.367A	28-05-50-17	2,934,616
Title II, Part A Teacher/Principal Training FY2004 C/O '05	84.367A	04-05-17-C	1,034,805
TOTAL DEPT. OF EDUCATION			\$ 35,292,589

U.S. DEPT OF HEALTH AND HUMAN SERVICES

PROGRAM NAME	FEDERAL CFDA NUMBER	GRANTOR PROJECT NUMBER	EXPENDITURES
TANF Starting Points Preschool '05	93.558	280535	\$ 182,018
TANF Capitol Middle School '03	93.558	CFMS#590499	8,885
TANF Capitol Middle School '05	93.558	615921	52,687
TANF - Strategies to Empower People-STEP '05	93.558	28-05-EP-17	63,833
TANF Early Childhood Development Program '05	93.558	2280535	4,067,229
TANF - Strategies to Empower People-STEP '04	93.558	2804EP-17	12,467
Title V - Refugee Children School Impact Grant '05	93.576	28-05-X3-17	19,621
Refugee Children School Impact Grant '04	93.576	28-04-X3-17	31,827
HIPPY - YWCA '04 (3)	93.600 (3)	N/A	38,001
YWCA Early Head Start '05 (3)	93.600 (3)	06YC0528/05	191,913
HIPPY - YWCA '05 (3)	93.600 (3)	N/A	41,727
TOTAL DEPT. OF HEALTH AND HUMAN RESOURCES			\$ 4,710,209

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

PROGRAM NAME	FEDERAL CFDA NUMBER	GRANTOR PROJECT NUMBER	EXPENDITURES
Learn & Service - Greenbrier Elementary '05 (2)	94.004 (2)	N/A	\$ 5,000
SERVE! Baton Rouge '05 (2)	94.006 (2)	N/A	154,817
SERVE! Baton Rouge '04 (2)	94.006 (2)	N/A	12,589
TOTAL CORPORATION FOR NATIONAL SERVICES			\$ 172,406

U.S. DEPT. OF AGRICULTURE

PROGRAM NAME	CFDA NUMBER	PROJECT NUMBER	EXPENDITURES
National School Breakfast Program	10.553	N/A	\$ 4,666,682
National School Lunch Program	10.555	N/A	11,813,373
Commodities Program	10.569	N/A	1,120,938
TOTAL DEPT. OF AGRICULTURE			\$ 17,600,993

**EAST BATON ROUGE PARISH SCHOOL SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2005**

EXHIBIT C

U.S. DEPT OF DEFENSE

PROGRAM NAME	FEDERAL CFDA NUMBER	GRANTOR PROJECT NUMBER	EXPENDITURES
ARMY ROTC (1)	N/A	N/A	\$ 554,808
TOTAL DEPT. OF DEFENSE			\$ 554,808
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 58,331,005

NOTE: All awards are passed through the State of Louisiana, Department of Education, except the following:

- (1) - Received directly from the federal agency
- (2) - Passed through the Louisiana Office of Lieutenant Governor, Louisiana Serve Commission
- (3) - Passed through the YWCA
- (4) - Passed through Louisiana State University

See the accompanying notes to the schedule of expenditures of federal awards.

EAST BATON ROUGE PARISH SCHOOL SYSTEM

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of East Baton Rouge Parish School System and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. During the year ended June 30, 2005, the School System received commodities valued at \$1,120,938. At June 30, 2005, the organization had food commodities totaling \$353,505 in inventory.

NOTE C – RECONCILIATION TO FINANCIAL STATEMENTS

Total Federal Award Expenditures per schedule	\$ 58,331,005
Excess Revenue over Expenditures – TANF	
Special Revenue Fund	<u>130,948</u>
Total federal revenue (all funds)	
the Statement of Revenues, Expenditures and	
Changes in Fund Balance for the year ended	
June 30, 2005	<u>\$ 58,200,057</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

- Material weakness(es) identified? _____ yes x no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? x yes _____ no

EAST BATON ROUGE PARISH SCHOOL SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I
84.027A, 84.173A	Special Education

The threshold for distinguishing types A & B programs was program expenditures exceeding \$1,749,930.

- The East Baton Rouge Parish School System was determined to be a low-risk auditee.

B. Findings – Financial Statement Audit

- None

C. Findings and Questioned Costs – Major Federal Award Programs

84.010 Title I

2005-1 Criteria: When contracting involving federal funds for an amount in excess of \$25,000, grant recipients must ensure that the awarded vendor must not be suspended or debarred from receiving federal contracts. Compliance by the grantee can be accomplished by either searching the EPLS (Excluded Parties List System) website maintained by the General Services Administration or through obtaining certifications of non-debarment from the vendor.

Condition: The School System does not procedurally perform a search of the web-site nor does it obtain certifications when awarding contracts with federal funds.

Questioned costs: None

Effect: The School System's procurement process does not allow for prevention of contracting with debarred parties.

Recommendation: The School System should adopt procedures that require compliance when awarding contracts of federal programs.

Corrective Action: EBRPSS bid language was modified to require prospective vendors to certify that their company and the officers, directors, and any employees do not appear on the suspended or debarred federal government contractor list.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no findings reported.



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EXHIBIT F

Page 1 of 5

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Members of the
East Baton Rouge Parish School System

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of East Baton Rouge Parish School System and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of East Baton Rouge Parish School System and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

Procedure #1:

We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures,
- Total General Fund Equipment Expenditures,
- Total Local Taxation Revenue,
- Total Local Earnings on Investment in Real Property,
- Total State Revenue in Lieu of Taxes,
- Nonpublic Textbook Revenue, and
- Nonpublic Transportation Revenue.

Results of Procedure # 1:

In performing the testing on the sample of expenditures/revenues, we noted no transactions that were inappropriately classified or were recorded at an inappropriate amount.

Education Levels of Public School Staff (Schedule 2)

Procedure # 2

We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule.

Results of Procedure # 2:

No differences were noted between the number of full-time classroom teachers per schedule 4 and schedule 2.

Procedure # 3

We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.

Results of Procedure # 3

No differences were noted between the number of principals and assistant principals per schedule 4 and schedule 2.

Procedure # 4

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file to determine if the individual's education level was properly classified on the schedule.

Results of Procedure # 4:

No differences were noted between the education levels of the full-time teachers, principals, and assistant principals per schedule 2 and the personnel files.

Number and Type of Public Schools (Schedule 3)

Procedure # 5

We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the National School Lunch Program (CFDA 10.555) application.

Results of Procedure # 5:

We noted one Pre K center that was not included in the total number of elementary schools reported on Schedule 3.



Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)

Procedure #6

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file to determine if the individual's experience was properly classified on the schedule.

Results of Procedure # 6:

In our sample of 25 employees, no discrepancies existed between the aforementioned listing and the schedule. One discrepancy was noted between experience levels per the listing and the individual personnel files. One employee had 30 years of experience per the individual's personnel file and no experience per the listing.

Public Staff Data (Schedule 5)

Procedure # 7

We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalency as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file to determine if the individual's salary, extra compensation, and full-time equivalency were properly included on the schedule.

Results of Procedure # 7:

In our sample of 25 employees, no discrepancies existed between the aforementioned listing and the schedule.

Procedure # 8

We recalculated the average salaries and full-time equivalents reported in the schedule.

Results of Procedure # 8:

We noted no differences between the averages reported on the schedule and our calculations.

Class Size Characteristics (Schedule 6)

Procedure # 9

We obtained the "Class Size Data Reports", which are reports obtained from and produced by the State Department of Education, and which serve as the source of information for completing schedule 6. We tied the "Class Size Data Reports" into schedule 6. We then selected 10 individual schools' "Class Size Data Reports" at random.

For those schools, we obtained the "Inquire on Class Schedule Data Report" from the State Department of Education computing network and selected one class from the reports at random. We obtained the teacher roll books for each class selected. Our sample ultimately consisted of 10 classes.

Results of Procedure # 9

Of the 10 classes tested, there were discrepancies in 6 classes:

	Class size per <u>Data Report</u>	Class size per <u>roll books</u>
Class discrepancy 1	25	22
Class discrepancy 2	24	25
Class discrepancy 3	21	22
Class discrepancy 4	32	34
Class discrepancy 5	23	25
Class discrepancy 6	13	no roll book exists

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

Procedure # 10

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the East Baton Rouge Parish School System.

Results of Procedure # 10:

No differences were noted.

The Graduation Exit Exam for the 21st Century (Schedule 8)

Procedure # 11

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the East Baton Rouge Parish School System.

Results of Procedure #11

No differences were noted.



The Iowa Tests (Schedule 9)

Procedure # 12

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the East Baton Rouge Parish School System.

Results of Procedure # 12

No differences were noted.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of East Baton Rouge Parish School System, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Peatthwait & Nettowild

October 28, 2005



EAST BATON ROUGE PARISH SCHOOL SYSTEM

BATON ROUGE, LOUISIANA

Schedules Required by State Law (R.S. 24:514 - Performance Measurement Data)

As of and for the Year Ended June 30, 2003

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principal's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial Statistical Report (AFSR).

Schedule 4 - Experience of Public Teachers and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data

This schedule includes average classroom teacher's salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 8 - The Graduation Exit Exam

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 9 - The IOWA Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

EAST BATON ROUGE PARISH SCHOOL SYSTEM

PERFORMANCE MEASUREMENT DATA

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA**

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2005**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 100,231,868	
Other Instructional Staff Activities	13,769,824	
Employee Benefits	52,439,000	
Purchased Professional and Technical Services	901,218	
Instructional Materials and Supplies	4,804,208	
Instructional Equipment	655,974	
Total Teacher and Student Interaction Activities		\$ 172,802,092

Other Instructional Activities 327,594

Pupil Support Activities	14,143,843	
Less: Equipment for Pupil Support	(2,413)	
Net Pupil Support Activities		14,141,430

Instructional Staff Services	8,171,833	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		8,171,833

Total General Fund Instructional Expenditures \$ 195,442,949

Total General Fund Equipment Expenditures \$ 658,387

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	11,127,702
Renewable Ad Valorem Tax	79,441,192
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	2,117,727
Sales and Use Taxes	68,399,106
Total Local Taxation Revenue	<u>\$ 161,085,727</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	46,489
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	<u>\$ 46,489</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	800,325
Revenue Sharing - Other Taxes	2,922,116
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	<u>\$ 3,722,441</u>

Nonpublic Textbook Revenue \$ 547,638

Nonpublic Transportation Revenue \$ 1,586,469

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA**

**Education Levels of Public School Staff
As of October 1, 2004**

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	1	0.03%	13	15.85%	0	0.00%	0	0.00%
Bachelor's Degree	1918	61.06%	50	60.98%	1	0.65%	0	0.00%
Master's Degree	774	24.64%	19	23.17%	54	35.29%	2	100.00%
Master's Degree + 30	360	11.46%	0	0.00%	82	53.59%	0	0.00%
Specialist in Education	57	1.81%	0	0.00%	13	8.50%	0	0.00%
Ph. D. or Ed. D.	31	0.99%	0	0.00%	3	1.96%	0	0.00%
Total	3,141	100.00%	82	100.00%	153	100.00%	2	100.00%

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA****Number and Type of Public Schools
For the Year Ended June 30, 2005**

Type	Number
Elementary	54
Middle/Jr. High	13
Secondary	16
Combination (special ed. & alternative)	6
Charter	3
Total	92

Note: Schools opened or closed during the fiscal year are included in this schedule.

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA****Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2004**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	1	0	6	8	7	3	35	60
Principals	1	2	4	4	2	11	71	95
Classroom Teachers	400	332	779	275	294	303	840	3,223
Total	402	334	789	287	303	317	946	3,378

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA**

**Public School Staff Data
For the Year Ended June 30, 2005**

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	42,778.51	42,402.51
Average Classroom Teachers' Salary Excluding Extra Compensation	41,648.49	41,257.42
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	3,369.66	3,265.57

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA**

**Class Size Characteristics
As of October 1, 2004**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	40.56%	2955	56.40%	4109	3.03%	221	0.00%	0
Elementary Activity Classes	66.70%	673	30.92%	312	2.28%	23	0.10%	1
Middle/Jr. High	36.18%	868	31.97%	767	31.47%	755	0.38%	9
Middle/Jr. High Activity Classes	37.28%	192	14.17%	73	21.94%	113	26.60%	137
High	47.14%	1690	21.65%	776	30.10%	1079	1.12%	40
High Activity Classes	66.96%	379	11.31%	64	12.01%	68	9.72%	55
Combination	88.98%	105	10.17%	12	0.00%	0	0.85%	1
Combination Activity Classes	92.31%	36	5.13%	2	2.56%	1	0.00%	0

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA**

**Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2005**

District Achievement Level Results	English Language Arts						Mathematics					
	2005		2004		2003		2005		2004		2003	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	14	0.40%	23	0.71%	34	0.91%	61	1.59%	72	1.90%	106	2.45%
Mastery	324	9.37%	229	7.06%	418	11.22%	110	2.87%	111	2.92%	152	3.51%
Basic	1,087	31.43%	1,069	32.95%	1,174	31.52%	1,112	28.97%	1,293	34.04%	1,206	27.85%
Approaching Basic	1,324	38.28%	1,271	39.18%	1,525	40.94%	1,028	26.78%	1,059	27.88%	1,083	25.01%
Unsatisfactory	710	20.53%	652	20.10%	574	15.41%	1,528	39.80%	1,263	33.25%	1,784	41.19%
Total	3,459	100.00%	3,244	100.00%	3,725	100.00%	3,838	100.00%	3,798	100.00%	4,331	100.00%

District Achievement Level Results	Science						Social Studies					
	2005		2004		2003		2005		2004		2003	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	38	1.12%	29	0.91%	20	0.54%	30	0.88%	42	1.32%	9	0.25%
Mastery	300	8.81%	314	9.81%	361	9.81%	248	7.33%	219	6.86%	247	6.73%
Basic	896	26.31%	898	28.06%	1,006	27.34%	1,243	36.57%	1,173	36.75%	1,344	36.81%
Approaching Basic	1,264	37.11%	961	30.03%	1,388	37.66%	881	25.92%	972	30.45%	1,176	32.03%
Unsatisfactory	908	26.66%	998	31.19%	907	24.65%	996	29.30%	786	24.62%	895	24.38%
Total	3,406	100.00%	3,200	100.00%	3,680	100.00%	3,399	100.00%	3,192	100.00%	3,671	100.00%

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA**

**Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2005**

District Achievement Level Results	English Language Arts						Mathematics					
	2005		2004		2003		2005		2004		2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	87	2.01%	74	1.81%	29	0.68%	84	1.94%	53	1.29%	80	1.88%
Mastery	582	13.45%	504	12.31%	465	10.93%	401	9.27%	397	9.70%	448	10.53%
Basic	1,574	36.70%	1,453	35.49%	1,813	42.60%	1,711	39.55%	1,317	32.17%	1,573	39.32%
Approaching Basic	1,102	25.47%	1,030	25.16%	1,205	28.31%	1,014	23.44%	1,024	25.01%	1,054	24.77%
Unsatisfactory	881	20.37%	1,033	25.23%	744	17.48%	1,116	25.80%	1,303	31.83%	1,000	23.50%
Total	4,326	100.00%	4,094	100.00%	4,256	100.00%	4,326	100.00%	4,094	100.00%	4,255	100.00%

District Achievement Level Results	Science						Social Studies					
	2005		2004		2003		2005		2004		2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	72	1.66%	28	0.68%	43	1.01%	32	0.74%	45	1.10%	40	0.94%
Mastery	250	5.78%	289	7.06%	360	8.47%	221	5.11%	323	7.90%	405	9.53%
Basic	1,484	33.85%	1,294	31.62%	1,319	31.04%	1,595	36.90%	1,463	35.77%	1,755	41.31%
Approaching Basic	1,729	39.98%	1,507	36.83%	1,776	41.80%	1,249	28.89%	1,042	25.48%	1,247	29.35%
Unsatisfactory	810	18.73%	874	23.80%	751	17.67%	1,228	28.36%	1,217	29.76%	801	18.86%
Total	4,325	100.00%	4,082	100.00%	4,249	100.00%	4,323	100.00%	4,080	100.00%	4,248	100.00%

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA**

**The Graduation Exit Exam for the 21st Century
For the Year Ended June 30, 2005**

District Achievement Level Results	English Language Arts						Mathematics					
	2005		2004		2003		2005		2004		2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	42	1.47%	66	2.28%	14	0.41%	200	6.82%	227	7.30%	243	6.40%
Mastery	434	15.16%	438	15.12%	335	9.79%	363	12.02%	361	11.81%	449	11.83%
Basic	1051	36.72%	1068	36.88%	1,294	37.80%	863	28.59%	981	31.55%	1,084	28.58%
Approaching Basic	695	24.28%	852	22.51%	884	25.83%	485	16.06%	510	16.40%	719	18.94%
Unsatisfactory	640	22.36%	672	23.20%	896	26.18%	1108	36.70%	1030	33.13%	1,301	34.27%
Total	2,882	100.00%	2,896	100.00%	3,423	100.00%	3,019	100.00%	3,109	100.00%	3,796	100.00%

District Achievement Level Results	Science						Social Studies					
	2005		2004		2003		2005		2004		2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	99	3.79%	83	3.14%	65	2.16%	33	1.27%	22	0.83%	57	1.90%
Mastery	313	12.00%	347	13.14%	397	13.17%	255	9.79%	287	10.86%	356	11.85%
Basic	844	32.35%	942	35.68%	1,142	37.88%	1,129	43.32%	1,312	49.64%	1,341	44.83%
Approaching Basic	675	25.87%	650	24.62%	685	22.72%	559	21.45%	570	21.57%	651	21.68%
Unsatisfactory	678	25.99%	618	23.41%	726	24.08%	630	24.17%	452	17.10%	600	19.57%
Total	2,609	100.00%	2,640	100.00%	3,015	100.00%	2,606	100.00%	2,643	100%	3,005	100.00%

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA**

**The IOWA Tests
For the Year Ended June 30, 2005**

	Composite		
	2005	2004	2003
Test of Basic Skills (ITBS)			
Grade 3	46	46	47
Grade 5	52	50	51
Grade 6	37	37	36
Grade 7	42	41	42
Tests of Educational Development (ITED)			
Grade 9	47	47	45

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. A student with a score of 72 indicates that the student scored the same or better than 72 percent of the students in the norm group.

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EAST BATON ROUGE PARISH SCHOOL SYSTEM

REPORT TO MANAGEMENT

JUNE 30, 2005



EAST BATON ROUGE PARISH SCHOOL SYSTEM

REPORT TO MANAGEMENT

JUNE 30, 2005



Postlethwaite & Netterville

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Associated Offices in Principal Cities of the United States
www.pncpa.com

Page 1 of 3

October 28, 2005

Members of the Board and Management
East Baton Rouge Parish School System
Baton Rouge, Louisiana

In planning and performing our audit of the financial statements of the East Baton Rouge Parish School System for the year ended June 30, 2005, we considered the School System's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. We also considered its compliance with certain provisions of laws and regulations in order to properly perform the audit in accordance with governmental standards and not to provide an opinion on compliance with those provisions.

However, during our audit, we became aware of several matters that are opportunities for improving financial reporting and refining policies and procedures. Additionally, we found an instance of immaterial noncompliance that is required to be communicated under Government Auditing Standards. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated October 28, 2005, on the financial statements of the School System.

Capital Asset Disposals

During our testing of capital asset disposals, we noted instances where the proper authorizations and the reasons for the disposition (auction, junked, repaired, etc.) were not documented. We recommend that the property control office, in coordination with the schools and other administrative departments, enforce current procedures to ensure that all capital asset disposals are properly authorized and documented in accordance with state law and School System policies.

Information Technology (IT) Environment and Security

The School System has an extensive IT department that is comprised of approximately 56 employees, and the IT system is large and complex. The current IT environment appears positioned to properly support and maintain this large IT structure. However, there were some matters for further consideration:

- Current password policies for employees with administrative/financial data access should be reviewed to determine if they contain enough complexity. According to the security standards set by ISC2, passwords for networks should be seven characters, alpha numeric, case sensitive and have one special character and be required to change every 90 days. Current policy does not enforce these standards.
- The School System does have a Disaster Recovery Plan for the GEMS system; however, an in-depth Disaster Recovery Plan should be established for all other systems managed by the main office. This plan should be reviewed and updated annually. This is critical for an IT system that is this size. The plan should address both hardware and software concerns and the amount of time it would take to become operational in light of a catastrophe.
- Review of the GEMS user access rights and user groups assigned to employees should be reviewed randomly to determine if unauthorized changes have occurred and to verify appropriate user groups are assigned based on the employee's current position.
- The new Intrusion Detection System has the capability of alerting through page or cell phone if an intrusion to the system has occurred. Currently only the email feature is enabled. The IT department should consider whether turning on the cell phone feature would provide better data security.
- There is no process to test the backup tapes to ensure that the backup process is functioning properly. Since a restore has not been needed in over one year, there is no assurance that the process is indeed functioning properly. A process to test the backups every six months should be considered.

Louisiana Budget Law

La Revised Statute 39:1310 requires governments to amend general and special revenue fund budgets when actual expenditures plus expected expenditures exceed budgeted amounts by 5% or more or when actual revenues plus expected revenues will fall short of budgeted amounts by 5% or more. The following fund's actual expenditures exceeded its budget by more than 5%.

- Summer School Fund 6.7 %

We recommend that all programs adhere to its adopted budget and monitor compliance. When it becomes apparent that expenditures will exceed the budget by 5% or more, or when revenues will fall short by 5% or more, the budget should be brought before the board for amendment.

Recent Accounting Pronouncements

The GASB has issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and reporting standards for impairment of capital assets and clarifies accounting requirements for insurance recoveries. The statement is effective for the School System for the fiscal year 2005-2006.

The GASB has issued Statement No. 44, *Economic Condition Reporting: Statistical Section*. This statement governs the preparation of the statistical section, and will require additional information to be assembled by the School System. The effective date of this Statement is for periods beginning after June 15, 2005; therefore, the School System is required to implement this Statement during the fiscal year ending June 30, 2006.

The GASB has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefit Plans Other Than Pensions*. This statement will require the School System to engage an actuarial firm to evaluate its post-retirement benefits. The requirements of the Statement are effective for the School System for the fiscal year 2007-2008.

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

Sincerely,

Parthivwala & Mettenich





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CORRECTIVE ACTION PLAN

November 23, 2005

East Baton Rouge Parish School System respectfully submits the following corrective action plan for the year ended June 30, 2005 and follows-up on year ended June 30, 2004 corrective actions implemented:

Postlewaite & Netterville, APAC
8550 United Plaza Blvd. Suite 1001
Baton Rouge, LA 70809

The audit period is July 1, 2004 through June 30, 2005.

Fiscal Year 2004-2005 Management Letter Concerns:

2005-1 Information Technology (IT) Environment and Security

- The School Board has an extensive IT department that is comprised of approximately 56 employees, and the IT system is large and complex. The current IT environment appears positioned to properly support and maintain this large IT structure. However, there were some matters for further consideration:
- **Condition:** Current network password policies for employees with administrative/financial data access should be reviewed to determine if they contain enough complexity. According to the security standards set by ISC2, passwords for networks should be seven characters, alpha numeric, case sensitive and have one special character and be required to change every 90 days. Current policy does not enforce these standards.
- **Action Taken:** DTS concurs with these recommendations to tighten Novell network password complexity for Central Office staff members who have access to administrative and financial data systems and to enact forced password changes every 90 days. Last year's audit recommendations to tighten password complexity for GEMS, particularly the ODBC (Open Data Base Connectivity) passwords were enacted immediately. Initial recommendations this year suggested that we apply the ISC2 standards (minimum of 7 alphanumeric characters with one special character) with forced changes every 90 days, to all of our network users. After discussion, both DTS and the auditors agreed that to apply these standards to all of our 51,000 student users and over 6,000 employees throughout the system who use the Novell network would be impractical and would cause significant issues in network account management and help-desk support. Thus, the final recommendation suggested that we apply these standards to our C.O. administrative/financial system users. DTS is already planning and developing the schema and methodology to place these recommendations in place by the start of the second semester in January.

- **Condition:** The School System does have a Disaster Recovery Plan for the GEMS system; however, an in-depth Disaster Recovery Plan should be established for all other systems managed by the main office. This plan should be reviewed and updated annually. This is critical for an IT system that is this size. The plan should address both hardware and software concerns and the amount of time it would take to become operational in light of a catastrophe.
- **Action Taken:** EBR DTS concurs with these disaster recovery recommendations. As the audit report states, EBR DTS does have a comprehensive Disaster Recovery Plan in place for the financial, payroll, HR, and other business system within the GEMS application. We have contractual agreements with GEMS to have a server system in place within 24-hours following a catastrophic event. It should also be known that DTS has the ability to convert access to our Pentamation Student Information Data System to an ASP (application service provider) web-based schema within days of a disaster. DTS plans adequately and appropriately cover our major business and student data system applications and hardware. Other than nightly data backup processes, the district does not have a comprehensive plan or resources in place to restore and replace hardware systems such as, but not limited to, those platforms running our GroupWise email, file and print services, district web site, etc. Prior to this year's audit reviews, the Chief Technology Officer in his Hurricane Impact Report to the Superintendent and district leadership on October 14, 2005, has alerted chief administrators of these concerns and made similar recommendations for immediate action. DTS will develop plans and proposals relative to Disaster Recovery initiatives for appropriate systems and will seek and pursue the resources necessary to enact these recommendations.
- **Condition:** Review of the GEMS users access rights and user groups assigned to employees should be reviewed randomly to determine if unauthorized changes have occurred and to verify appropriate user groups are assigned based on the employee's current position.
- **Action Taken:** GEMS user access rights and user groups assigned to employees will be reviewed randomly by appropriate Finance Staff to determine if unauthorized changes have occurred and to verify if appropriate user groups were assigned.
- **Condition:** The new Intrusion Detection System has the capability of alerting through page or cell phone if an intrusion to the system has occurred. Currently only the email feature is enabled. The IT department should consider whether turning on the cell phone feature would provide better data security.
- **Action Taken:** DTS concurs with these recommendations. The IDS feature which notifies our EBR Program Manager of Network and Operations and our Project and Operations Manager of intrusion attempts has been enabled to provide text message alerts to their district-provided cell phones.

- **Condition:** There is no process to test the backup tapes to ensure that the backup process is functioning properly. Since a restore has not been needed in over one year, there is no assurance that the process is indeed functioning properly. A process to test the backups every six months should be considered.
- **Action Taken:** EBR DTS utilizes a modern and comprehensive backup solution (SANS - storage area network, and tape) provided by an industry leader in data backup and archiving solutions. As nightly backups occur, data is constantly written, read, and verified for validity and integrity during the entire process from all data sources. Status reports are automatically generated which alert DTS network and operations staff to any failures or incomplete backup issues. Reports are reviewed every morning by EBR network and operations managers. EBR DTS has not developed a plan or established resources to test data restoration on a six month schedule. Restoration has only occurred on an "as needed" basis. Due to the caution, care and constant monitoring of all data systems by DTS managers and systems analysts, restoration has been needed very infrequently. The district will immediately plan for a system and seek resources to provide for procedures to test data restoration methodologies and operations as recommended by the auditors.

2005-2 Budget Law Violation

- **Condition:** La Revised Statue 39:1310 requires governments to amend fund budgets when actual expenditures plus expected expenditures exceed budgeted amounts by 5% or more. The Summer School Fund actual expenditures exceeded its budget by 6.7%. The budget was not amended. We recommend that all programs adhere to their budget and monitor compliance. When it becomes apparent that expenditures will exceed the budget by 5% or more, the budget should be brought before the board for amendment.
- **Action Taken:** The Finance Department will review budget to actual information to ensure compliance.

2005-3 Capital Asset Disposals

- **Condition:** During our testing of capital asset disposals, we noted instances where the proper authorizations and the reasons for the disposition (auction, junked, repaired, etc.) were not documented. We recommend that the property control office, in coordination with the schools and other administrative departments, enforce current procedures to ensure that all capital asset disposals are properly authorized and documented in accordance with state law and School System policies.
- **Action Taken:** The Property Control office will ensure enforcement of current disposal procedures.

Follow-up on Fiscal Year 2003-2004 Management Letter Concerns:

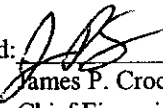
2004-1 Information Technology (IT) Environment and Security


- **Condition:** The School Board has an extensive IT department that is comprised of approximately 63 employees, and the IT system is large and complex. The current IT environment appears positioned to properly support and maintain this large IT structure. However, there were some matters for further consideration.
- Current password policies should be reviewed to determine if they contain enough complexity. According to the security standards set by ISC2, passwords for networks should be seven characters, alpha numeric, case sensitive and have one special character and be required to change every 90 days. Current policy does enforce these standards.
- Security for ODBC table should be changed. Currently, users who do not have access to modules through GEMS have access through the tables. Also, there is one user ID and password for each table (i.e. account payable, payroll). This means that anyone could critical information.
- A more in-depth Disaster Recovery Plan should be established. This plan should be reviewed and updated annually. This is critical for an IT system that is this size. The plan should address both hardware and software concerns and the amount of time it would take to become operational in light of a catastrophe.
- **Action Taken:**
- On GEMS, our current financial and payroll package, the passwords are required to be changed every three months or they will expire. If a password expires, it can only be reactivated by the EBR staff in charge of security for GEMS. We have contacted GEMS personnel to determine if their software can be modified so that the passwords will have to comply with the standards of ISC2. We are waiting for a response on this issue from them. The GEMS staff did state that they are in the process of bringing their internal security passwords up to this standard, so they will probably plan to do the same for GEMS in a future release.
- The user ID and password for the ODBC databases has been changed to conform to the ISC2 standards and to be changed every three months. Currently, access to the ODBC tables for GEMS is granted to only a select group of users. Only users who have the software loaded on their PC's are able to access the tables. The head of each department determines within their department who needs access to the tables. MIS staff members will then load it on their machines. For the payroll system, we have three users in the P/R Dept, one user in the H/R Dept, four users in Operations and Budgets, and eleven users in the Finance Department. Of these users, only eight have the skills to pull in tables and create new reports and these eight are all at management level. The majority of the users only run reports that have been created by the MIS staff specifically for their needs. For the finance system, we have ten users in Finance, four users in Operations and Budget, three in Payroll, three in Purchasing, three in School Food Service Purchasing, and two in Property Control. All of these users run reports that have been designed by the MIS staff specifically for their needs. We are researching the possibility of having security on individual structures, but have not found a solution to date that would not require rewriting all of the reports that have already been written.

- The current Disaster Recovery Plans that we have in place for GEMS and Pentamation needs to be formalized and tested yearly. The GEMS recovery has been tested and we were able to bring up the new server and process normal transactions. As long as we have access to the internet, we can run – even out of their home office in St Louis if necessary. Using Pentamation as an ASP provider has not been tested here but is in place in neighboring parishes. We plan to investigate and seek a more expansive disaster recovery plan for the whole EBRPSS network in the coming year. As funds are available, we will formalize and improve our plan.

2004- 2 Budget Law Violation

- **Condition:** La Revised Statue 39:1310 requires governments to amend fund budgets when actual expenditures plus expected expenditures exceed budgeted amounts by 5% or. The Child Nutrition Fund's actual expenditures exceeded its budget by 8.3%. The budget was not amended. We recommend that school food service administration adhere to its adopted budget and monitor compliance. When it becomes apparent that expenditures will exceed the budget by 5% or more, the budget should be brought before the board for amendment.
- **Action Taken:** The Finance Department reviewed budget to actual information to ensure compliance.

Approved: 
James P. Crochet
Chief Financial Officer

Approved: 
Jesse Noble
Chief Technology Officer

Approved: 
Catherine Fletcher
Chief Business Operations Officer