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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For The Year Ended  
December 31, 2004**

**The Consolidated Government  
of the City of Baton Rouge and  
Parish of East Baton Rouge,  
Louisiana**

**Prepared by  
Finance Department**

**David M. Medlin, CPA, Director**

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

Release Date 8-24-05

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED DECEMBER 31, 2004**

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**Department of Finance**  
**Accounting Division**

City of Baton Rouge  
Parish of East Baton Rouge

222 St Louis Street  
Post Office Box 1471  
Baton Rouge, Louisiana  
70821

May 27, 2005

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FAX (225) 389-7831

The Honorable Mayor-President  
and Members of the Metropolitan Council  
City of Baton Rouge  
Parish of East Baton Rouge  
Baton Rouge, Louisiana 70802

Dear Mayor-President and Council Members:

Pursuant to Louisiana State Statutes and The Plan of Government, I hereby issue the Comprehensive Annual Financial Report (CAFR) for the consolidated government of the City of Baton Rouge and Parish of East Baton Rouge (City-Parish) for the fiscal year ended December 31, 2004. The Accounting Division of the City-Parish Finance Department prepared this report in accordance with Generally Accepted Accounting Principles (GAAP). We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the City-Parish as measured by the financial activities of its various funds and the entity-wide presentation; and that disclosures necessary to enable readers to gain an understanding of City-Parish financial affairs have been included. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the local government.

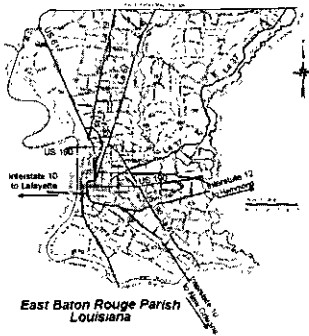
The City-Parish financial statements have been audited by Postlethwaite & Netterville, APAC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Consolidated Government of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, financial statements for the fiscal year ended December 31, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first document of the financial section of this report.

The City-Parish is required to undergo an annual single audit in conformance with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditors' reports on the internal control structure and compliance with applicable laws and regulations, is presented immediately following the Statistical Section of this publication.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis (MD&A)*. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City-Parish's MD&A can be found immediately following the report of the independent auditors.

**Profile of the Government**

The Parish of East Baton Rouge was established as a division of government of the *West Florida Republic* in 1810.



The Parish later became a local governmental unit of the State of Louisiana and the United States when Louisiana was admitted to the Union in 1812. The City of Baton Rouge was incorporated as a municipality on July 6, 1817. These two government entities operated as separate local government units until January 1, 1949. At an election on August 12, 1947, the voters of both the parish and the city adopted the current Plan of Government (as amended) which consolidated the administration of most local government services for the city and the parish. Baton Rouge was one of the first consolidated forms of local government established in the United States. The elected Mayor-President serves as the leader of the executive branch of City-Parish government. The legislative branch is the elected Metropolitan Council, which is composed of 12 district representatives.

The City-Parish provides a full range of services to the general public, including police and fire protection, emergency medical services, public works, public health and social services, public transportation, planning and zoning, economic development, an airport, construction and maintenance of streets and infrastructure, libraries, general administrative services, sewage treatment, and solid waste disposal.



A determination of the financial reporting entity to be included in this CAFR is made through the application of criteria established by the Governmental Accounting Standards Board (GASB), Statement 14. A complete explanation of the financial reporting entity is included in the Summary of Significant Accounting Policies in the Notes to the Financial Statements.

The City-Parish financial reporting entity consists of the following:

- The Primary Government - This is the City-Parish (all funds under the auspices of the Mayor-President and the Metropolitan Council).
- Legally separate component units - These units of government are legally separate from the City-Parish government but have a sufficiently close relationship with the government to warrant inclusion in the consolidated financial report.

The financial statements included in this CAFR are as follows:

<u>Name of Organization</u>	<u>Type of Unit</u>
▶ The City-Parish	Primary Government
▶ City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System	Blended Component Unit
▶ District Attorney of the Nineteenth Judicial District	Discrete Component Unit
▶ Nineteenth Judicial District Court	Discrete Component Unit
▶ East Baton Rouge Parish Family Court	Discrete Component Unit
▶ East Baton Rouge Parish Juvenile Court	Discrete Component Unit
▶ Nineteenth Judicial District Indigent Defender Board	Discrete Component Unit
▶ East Baton Rouge Parish Clerk of Court	Discrete Component Unit
▶ Capital Region Planning Commission	Discrete Component Unit
▶ East Baton Rouge Parish Coroner	Discrete Component Unit
▶ Parish Fire Protection Districts	Discrete Component Units
▶ Capital Area Transit System	Discrete Component Unit

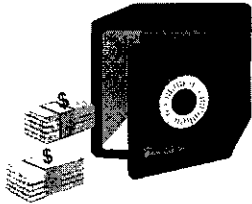
An explanation of the accounting policies of the City-Parish is contained in the Notes to the Financial Statements. The basis of accounting, fund structure, and other significant information on financial policies is explained in detail in the Notes to the Financial Statements.

Budgetary control is maintained by the encumbrance of appropriations with purchase orders prior to their release to vendors. Purchase orders that exceed appropriation balances are not released unless additional appropriations are made available. The annual operating budget, or financial plan, is proposed by the Mayor-President and enacted by the Metropolitan Council. Management control for the operating budget is maintained at the fund and department level. Additional details on the budget process are explained in the Notes to the Financial Statements.

Budget-to-actual comparisons are provided in this report for each individual governmental fund. For the General Fund, this comparison is presented in Exhibit A-7. The Capital Projects Fund budget statement is presented on a project length basis as legally adopted by the Metropolitan Council on Exhibit C-3. For other governmental funds, the annual budget comparison is presented in the Combining and Individual Fund Statements and Schedules, Exhibits C-4 through C-24.

Under the Plan of Government, the Finance Department is entrusted with maintaining accounting systems for the City, Parish, and districts over which the Metropolitan Council is the governing body, in accordance with the best-recognized practices in governmental accounting. It keeps the records for, and exercises financial and budgetary control over, each City-Parish department, office, and agency.

In developing and evaluating the accounting system of the City-Parish, the Finance Department considers the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and regarding the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.



As a recipient of federal and state financial assistance, the City-Parish government is responsible for ensuring that adequate internal controls are in effect. All internal control evaluations occur within the framework described. The Finance Department believes that the internal controls of the City-Parish adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

## FACTORS AFFECTING FINANCIAL CONDITION

### Economic Condition and Outlook

The City of Baton Rouge is the state capital and the second largest city in Louisiana. It is located on the Mississippi River in the southeast region of the state and is a major center for commerce, industry, tourism, and many diverse cultural activities. The City is the principal home of two major state universities: Louisiana State University and Southern University. The North American Free Trade Agreement (NAFTA), approved by Congress in 1993, enables Baton Rouge, because of its location, to take economic advantage of one of the world's largest free trade zones.



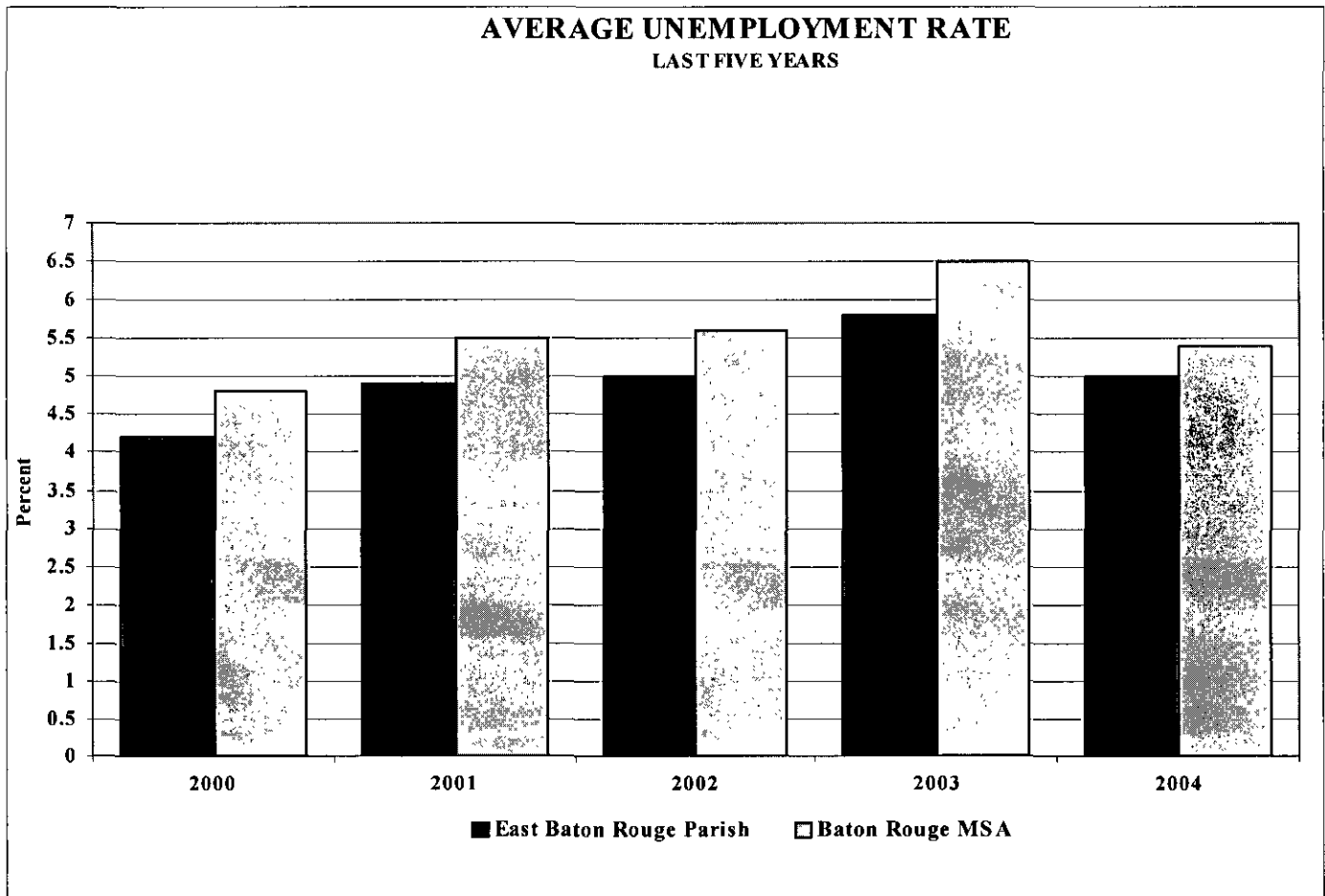
A number of Fortune 500 companies engaged in oil refining, petrochemical processing, and wood products are found in the industrial corridor along the Mississippi River near Baton Rouge. These industries are major employers of Baton Rouge's labor force. Other important industries include government, construction, banking and financial services, insurance, real estate, and wholesale and retail trade.

According to the Louisiana Department of Labor, the annual average rate of local unemployment fell in 2004, as reflected in the following chart:

	<u>East Baton Rouge Parish</u>	<u>Baton Rouge MSA</u> <sup>(1)</sup>
2000	4.2	4.8
2001	4.9	5.5
2002	5.0	5.6
2003	5.8	6.5
2004 <sup>(2)</sup>	5.0	5.4

<sup>(1)</sup> Metropolitan Statistical Area (includes East Baton Rouge, West Baton Rouge, Livingston, and Ascension Parishes)

<sup>(2)</sup> Preliminary Figures



According to leading economists, the Baton Rouge Metropolitan Statistical Area (MSA) will see little job growth within the next two years. The petrochemical industry is a huge factor in the MSA's economy. When the chemical and refining industries expand, so does industrial construction. The national recession hit chemical sales in this sector very hard and weakened the price of chemical products. The projected national recovery should offset these lower prices in the next two years. High natural gas prices in the area have raised operating costs in a declining demand market and caused several chemical firms in the MSA to announce layoffs or to close either temporarily, partially, or completely. The chemical industry continues to struggle as a result of the high natural gas prices and foreign competition. On a positive note, a considerable number of construction projects are expected to begin or continue, and some jobs will be added by other sectors of the economy.

The Baton Rouge economy grew slightly in 2004 as reflected by the growth in sales and use tax collections. General sales and use tax (2 percent) revenues for the operations of the City and Parish combined were \$3,798,003 more than 2003 revenues, representing a 2.92 percent increase. Sales tax collections for the ½ percent sewerage tax were \$400,958 more than last year and the collections of the ½ percent road and street improvement tax increased from 2003 by \$402,530, both an approximate 1.3 percent increase. The general sales and use tax plays a significant role in financing the operations of the General Fund. Based primarily on the projections of Dr. James A. Richardson, John Rhea Alumni Professor of Economics at Louisiana State University, and Dr. Loren C. Scott, Professor Emeritus in the Department of Economics at Louisiana State University, the City-Parish Metropolitan Council adopted the 2005 General Fund Budget with a conservative sales and use tax growth rate of 1 percent for the coming year.

### **Major Initiatives in 2004**

On October 28, 2004, the Parish issued \$24,865,000 of Public Improvement (Sewer) Sales Tax Bonds to advance refund a portion of the \$65.0M Series ST-1996 Public Improvement (Sewer) Sales Tax Bonds (original net interest cost 5.66%; principal refunded - \$24,860,000). Gross cash savings of principal and interest on the refunding were realized by the Comprehensive Sewerage System Fund in the amount of \$3,674,062, and the net economic gain was \$3,125,410, as detailed in Note 10(a)14 of the Notes to Financial Statements.

On November 12, 2004, the East Baton Rouge Sewerage Commission authorized the issuance of \$25,000,000 of Sewer Revenue Bonds. The bonds were issued through a loan and pledge agreement with the Louisiana Department of Environmental Quality (DEQ) for the purpose of construction, improvement, rehabilitation and expansion of the Sanitary Sewer Construction Program discussed later in this memorandum. The loan carries an interest rate of 3.45 percent and an administrative fee of 0.5 percent, for a total of 3.95 percent with maturity dates from 2007 through 2026. Funds will be drawn on a reimbursement basis from DEQ over a projected 36 month construction schedule. Interest and principal shall be payable only on the amount drawn. At December 31, 2004, principal drawn and outstanding was \$97,012.

E-government is about government agencies working together using technology to better provide taxpayers with government services and information. The first phase of e-government, which included five core processes, was completed in 2004. Citizens of the parish now have the ability to go online and inquire about the status of building permits, pay parking and traffic fines, remit sales taxes, renew business licenses, and submit requests for services. In January of 2004, the Information Services Department launched the Geographical Information System (GIS) online service to the citizens of the parish. In addition, an automated citizens' information system called "Ask BR" was added to the City-Parish web site. This system provides citizens with convenient access to community and government information 24 hours a day, seven days a week via the Internet and/or telephone.

### **Long-Term Financial Planning**

In August of 2001, the Parish of East Baton Rouge entered into a Consent Decree with the U.S. Environmental Protection Agency (EPA) and the State of Louisiana, as represented by the Department of Environmental Quality (DEQ), to remedy violations of the Clean Water Act and National Pollution Discharge Elimination System (NPDES) permits issued to the Parish for its sewerage treatment plants. The Consent Decree requires the City-Parish to devise a capital improvements program that will reduce sanitary sewer overflows during peak rainfall events. This program must be completed by December 31, 2014.

### **Sanitary Sewer Overflow Construction Program**

The Sanitary Sewer Overflow (SSO) Corrective Action Plan was developed by an outside engineering firm and its findings were presented to the Mayor-President and the Metropolitan Council in the fall of 1998. The purpose of the SSO Corrective Action Plan is to: (1) protect the public health through the control of sewer overflows; (2) comply with national, state, and local laws; (3) develop a computerized model of the sanitary sewer collection system; (4) develop standard specifications and design criteria for rehabilitation and new construction; (5) determine the effectiveness of sewer rehabilitation through the collection of flow data; and (6) resolve infiltration issues to provide for future growth.

As a result of the SSO Corrective Action Plan and a value engineering study coordinated by the U.S. Army Corps of Engineers, the Metropolitan Council implemented a \$618 million SSO Construction Program in August of 2001. This was approved in conjunction with the aforementioned Consent Decree with the EPA and DEQ. Highlights of this construction alternative include the construction of one large storage basin, deep underground gravity sewers, three ballasted flocculation waste water treatment facilities, storage tanks in outlying areas of the Parish, and rehabilitation of selected areas of the sanitary sewer collection system.

Financing of the SSO Corrective Action Plan began in August of 1999 with the passage of Ordinance 11542. This ordinance authorized a 95 percent increase in sewer user fees that was phased in over a three-year period beginning January 1, 2000, through January 1, 2002. In 2002, the Metropolitan Council approved an additional 10 percent increase that took effect January 1, 2003. The 2002 ordinance included an annual 4 percent increase in the fee beginning January 1, 2004, and continuing each subsequent year until the program is completed.

The SSO Construction Program will be financed significantly by the issuance of long-term-debt secured by sewer user fees and sewer sales taxes. The user fee increases approved by the Metropolitan Council will provide the Parish with a stronger user fee revenue base to secure bonds backed by the sewer user fee. It is estimated that approximately \$300 million in sewer user fee bonds will be issued.

### AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Baton Rouge and Parish of East Baton Rouge for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents conforming to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City-Parish has received this award each year for the 17-year period ending December 31, 2003. I believe our current report conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for a certificate.

In addition, the City-Parish also received the GFOA's Award for Distinguished Budget Presentation for its annual operating budget prepared for the fiscal year covered by this Comprehensive Annual Financial Report. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device.

The preparation of this report on a timely basis could not have been accomplished without the dedicated services of a highly qualified staff. I also acknowledge the thorough, professional, and timely manner in which the audit was conducted by our independent auditors, Postlethwaite & Netterville, APAC. Thanks to the Mayor-President and the Metropolitan Council for your support of excellence in financial reporting and fiscal integrity.

Respectfully submitted,

*David M. Medlin, CPA*

David M. Medlin, CPA  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Baton Rouge -  
Parish of East Baton Rouge,  
Louisiana

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2003

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. Zjelle*

President

*Jeffrey R. Emswiler*

Executive Director

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
PRINCIPAL OFFICIALS  
DECEMBER 31, 2004**



**Mayor-President  
Bobby Simpson**



**District 1  
Wayne Carter**



**District 2  
Ulysses Z. Addison, Jr.**



**District 3  
Pat Culbertson**



**District 4  
Joseph "Joe" Greco**



**District 5  
Charles Kelly**



**District 6  
Martha J. Tassin**

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
PRINCIPAL OFFICIALS  
DECEMBER 31, 2004**



**President Pro-Tempore  
District 10  
Lorri Burgess**



**District 7  
Byron Sharper**



**District 8  
J. Michael "Mike" Walker**



**District 9  
Darrell P. Ourso**

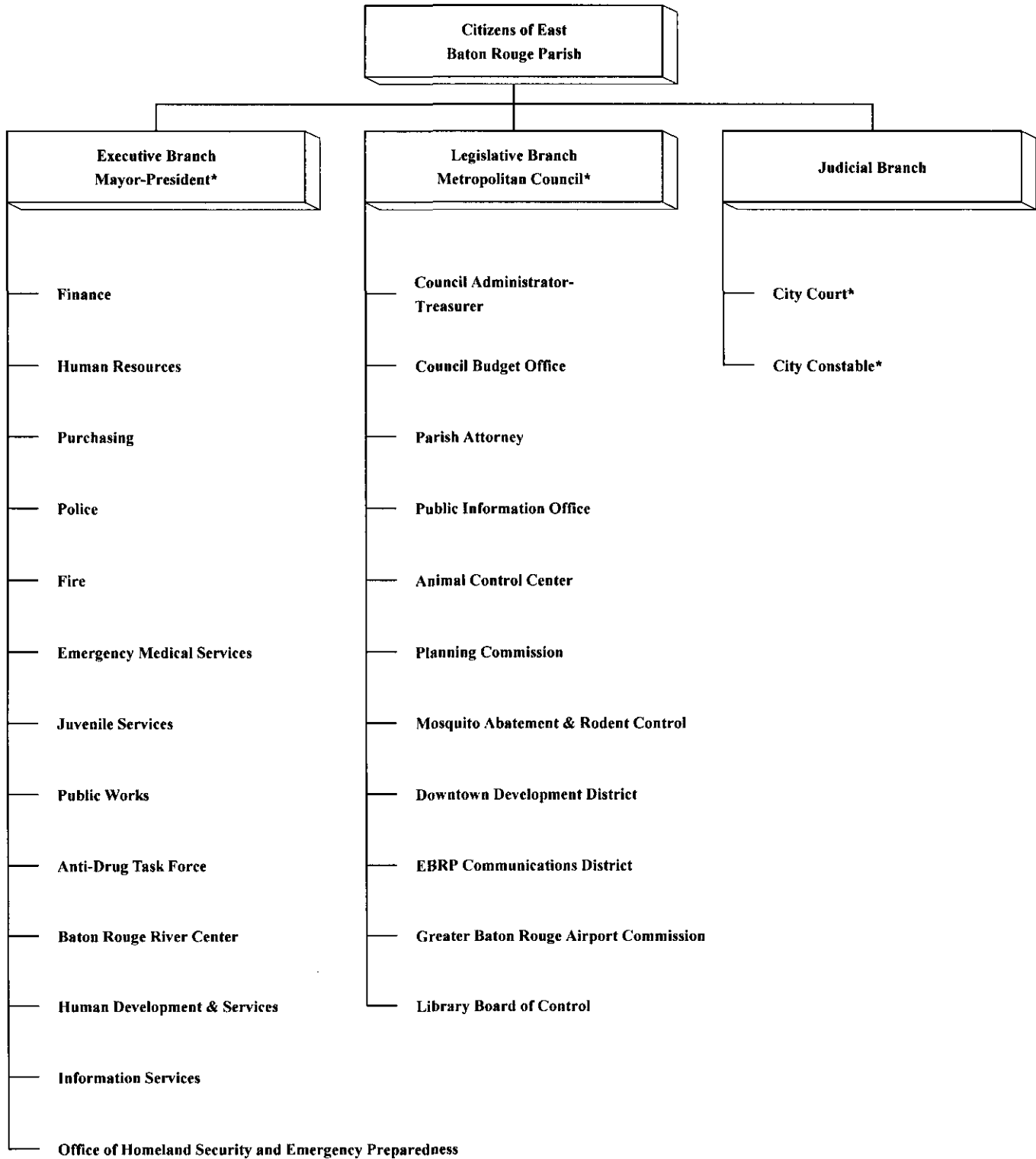


**District 11  
David J. Boneno**



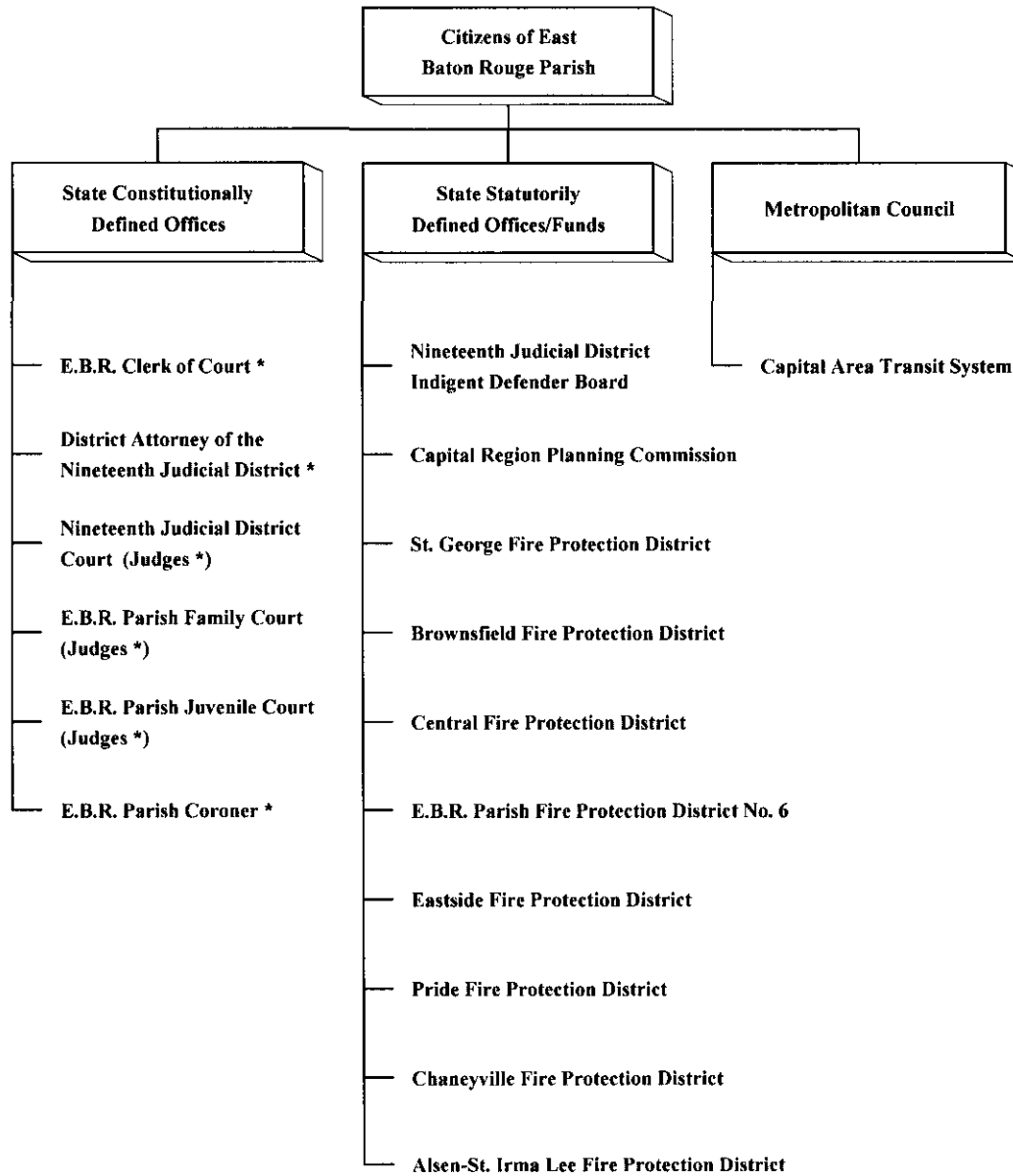
**District 12  
James T. "Jim" Benham**

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
ORGANIZATIONAL CHART  
PRIMARY GOVERNMENT**



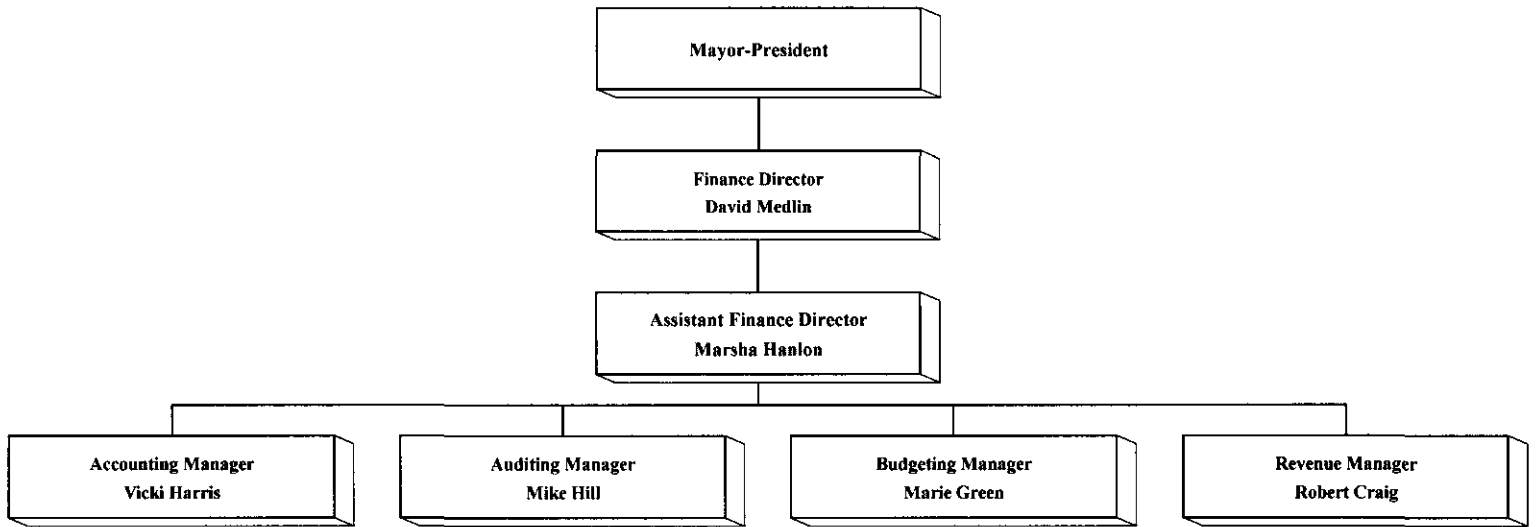
\* Designates Elected Officials

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
ORGANIZATIONAL CHART  
COMPONENT UNITS**



\* Designates Elected Officials

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
ORGANIZATIONAL CHART  
FINANCE DEPARTMENT**





## Postlethwaite & Netterville

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### INDEPENDENT AUDITORS' REPORT

Honorable Mayor-President and Members  
of the Metropolitan Council  
City of Baton Rouge and Parish of East Baton Rouge  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, the fiduciary fund, the budgetary comparison information, and the aggregate remaining fund information of the City of Baton Rouge and Parish of East Baton Rouge, Louisiana (City-Parish) as of and for the year ended December 31, 2004, which collectively comprise the City-Parish's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City-Parish's non-major governmental, non-major enterprise, and internal service funds on the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the City-Parish's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audit. We did not audit the financial statements of certain component units discretely presented as described in note 1(a) to the financial statements which represent 56.5% and 65.8 %, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon were furnished to us, and our opinion, herein, insofar as it relates to the amounts included for these entities, is based upon the reports of the other auditors.

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 and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the fiduciary fund, the budgetary comparison information, and the aggregate remaining fund information of the City of Baton Rouge-Parish of East Baton Rouge as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principals generally accepted in the United States of America. Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, and internal service fund of the City-Parish as of December 31, 2004, 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.

During 2004 the City-Parish, in conjunction with the City-Parish Employees' Retirement System reconsidered the plan classification under *Governmental Accounting Standards Board No. 27 - Accounting for Pensions by State and Local Government Employers*. The effects of the reconsideration are accounted for as a change in application of accounting principle, resulting in a restatement of net assets as of January 1, 2004. See note 1(f) for a description of this change.

Also during 2004, the City-Parish continued its implementation of *Governmental Accounting Standards Board No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* by retroactively capitalizing certain infrastructure of its governmental activities. The affects of the retroactive capitalization are accounted for as a change in accounting principles, also resulting in a restatement of net assets as of January 1, 2004. See capital assets note 6 for a description of these changes and Note 1(f) for a description of the effects to net assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2005, on our consideration of internal control over financial reporting of the City-Parish and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of the 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 to 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 read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis beginning on page 3, and the Trend Data on Pension Funding listed as Required Supplemental Information in the Table of Contents as Exhibits B-1 through B-3, 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.

The accompanying financial information as listed in the Table of Contents as Supplementary Schedules, Exhibits I-1 and I-2, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City-Parish. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and the combining and individual fund financial statements, and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds taken as a whole.

The accompanying financial information in the Statistical Section is presented for purposes of additional analysis and is not a required part of the financial statements of the City-Parish. The information has not been audited by us, and accordingly, we express no opinion on this information.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
May 27, 2005

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As financial management of the City-Parish government, we offer readers of this financial statement an overview and analysis of the financial activities of the City of Baton Rouge, Parish of East Baton Rouge Consolidated Government. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the government's financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts. It should be read in conjunction with the Letter of Transmittal and the financial statements that begin with Exhibit A-1.

**FINANCIAL HIGHLIGHTS**

- Assets of the City-Parish primary government exceeded its liabilities at the close of the most recent fiscal year by \$1,102.6 million (*net assets*). Of this amount, \$182.7 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The primary government's total net assets increased by \$89.5 million during 2004. Governmental activities' net assets increased \$16.8 million during 2004, primarily as a result of the increase in capital assets from outside contributions (\$11.4 million), the reduction of prior-year long-term debt (\$0.9 million), additional tax revenues in the governmental activities (\$6.4 million), an increase in court fees dedicated to the construction of a new judicial building (\$1.2 million), and other miscellaneous decreases (\$1.3 million). Sales tax revenues collected in excess of debt service in the sewerage fund (\$17.0 million), contributions from the federal and state governments, subdivision developers, and impact fees (\$52.1 million), and contributions from the government's governmental activities for major capital purchases (\$3.6 million) accounted for the rise in net assets in business-type activities.
- As of the close of the current fiscal year, the primary government's governmental funds reported combined ending fund balances of \$271.3 million, a decrease of \$9.1 million in comparison with the prior year. Approximately 38% of the fund balances, \$103.8 million, is *available for spending* at the City-Parish's discretion (*unreserved fund balance*).
- At December 31, 2004, unreserved fund balance for the General Fund was \$56.7 million, or 27% of total 2004 General Fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The City-Parish financial statements focus on the government as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the reader to address relevant questions, broaden a basis for comparison (year to year or government to government) and should enhance the City-Parish's accountability.

**Government-Wide Financial Statements**

The government-wide financial statements (see Exhibits A-1 and A-2) are designed to be similar to those of private sector businesses in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. The statements combine all governmental funds' current financial resources with capital assets and long-term obligations. Donated infrastructure for the years 1980 - 1990 is expected to be included by 2006. Also presented in the government-wide financial statements is a total column for the business-type activities of the primary government. Component units are separate legal governmental entities to which the City-Parish Metropolitan Council may be obligated to provide financial assistance and are presented as a separate column in the government-wide statements and as individual activities in the fund financial statements. All City-Parish component unit agencies except for four fire protection districts (see Exhibits H-1 through H-8) issue separate independently audited financial statements.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

The Statement of Net Assets (Exhibit A-1) presents information on all the government's assets and liabilities, with the difference between the two reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the City-Parish is improving or deteriorating.

The Statement of Activities (Exhibit A-2) presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities which are funded by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities and component units.

The governmental activities reflect the City-Parish's basic services including public safety (fire, law enforcement, emergency medical services, emergency preparedness, communications), general government services (executive, legislative, judicial), health and welfare (mosquito control, animal control), sanitation (garbage and trash collection), transportation (street and road maintenance), culture and recreation (library), conservation and development (social programs), and intergovernmental. These services are financed primarily with taxes. The business-type activities reflect private sector type operations (sewer utilities, airport, parking facility, civic center, solid waste disposal facility) where the fee for service typically covers all or most of the cost of operations, including depreciation.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds, rather than generic fund types.

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental major fund (see Exhibits A-3 through A-7) presentation is presented on a modified accrual basis. This is the manner in which the budget is typically developed excluding certain timing differences between the budget basis and the generally accepted accounting principle (GAAP) basis. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements. The City-Parish has presented the General Fund and the Capital Projects Fund as major funds. All non-major governmental funds are presented in one column, titled other governmental funds. Combining financial statements of the non-major funds can be found in the combining and individual fund statements and schedules that follow the basic financial statements.

**Proprietary Funds** encompass both enterprise and internal service funds on the fund financial statements. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City-Parish's various functions. The government uses internal service funds to account for its equipment rental and replacement program and the Central Garage fleet maintenance and fuel activities. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities section in the government-wide financial statements. Combining statements of the non-major individual enterprise and internal service funds can be found in the combining and individual fund statements following the basic financial statements.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Fund financial statements also allow the City-Parish to present *fiduciary funds*. While these funds represent a trust responsibility, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

While the total column on the business-type fund financial statements for enterprise funds (see Exhibit A-8) is the same as the business-type column at the government-wide financial statement, the governmental major funds total column requires a reconciliation to the government-wide financial statement because of the different measurement focus which is reflected on the page following each statement (see Exhibits A-4 and A-6). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources and will show capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column in the government-wide statements.

**Capital Assets**

General capital assets include land, improvements to land, easements, buildings, vehicles, machinery and equipment, infrastructure, and all other tangible assets that are used in operations and that have initial useful lives greater than two years and exceed the government's capitalization threshold (see Note 6, Exhibit A-15). The City-Parish has capitalized all purchased general capital assets. Donated infrastructure assets (those placed into the government's maintenance through contributions from private development) have not been capitalized in this financial presentation for the years 1980 through 1990. Donated governmental activities infrastructure accepted into City-Parish maintenance between year 1991 through 2004 have been capitalized. Governmental Accounting Standards Board Statement No. 34 allows the City-Parish a transitional period for reporting infrastructure assets to fiscal year 2006. The government plans to record all material donated assets acquired between 1980 and 1990 within the next two fiscal years.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit A-15 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City-Parish's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on Exhibits B-1 through B-3 of this report.

The combining statements referred to earlier in connection with the non-major governmental and proprietary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules include Exhibits C-1 through H-8 of the report.

Certain supplementary financial information can be found in Exhibits I-1 and I-2 of this report. These schedules and the statistical section (Exhibits J-1 through J-17) are included for additional information and analysis and do not constitute a part of the audited financial statements.

Also included in the report is the Office of Management and Budget A-133 Single Audit auditor reports, findings, and schedules. This information can be found under the Single Audit section.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

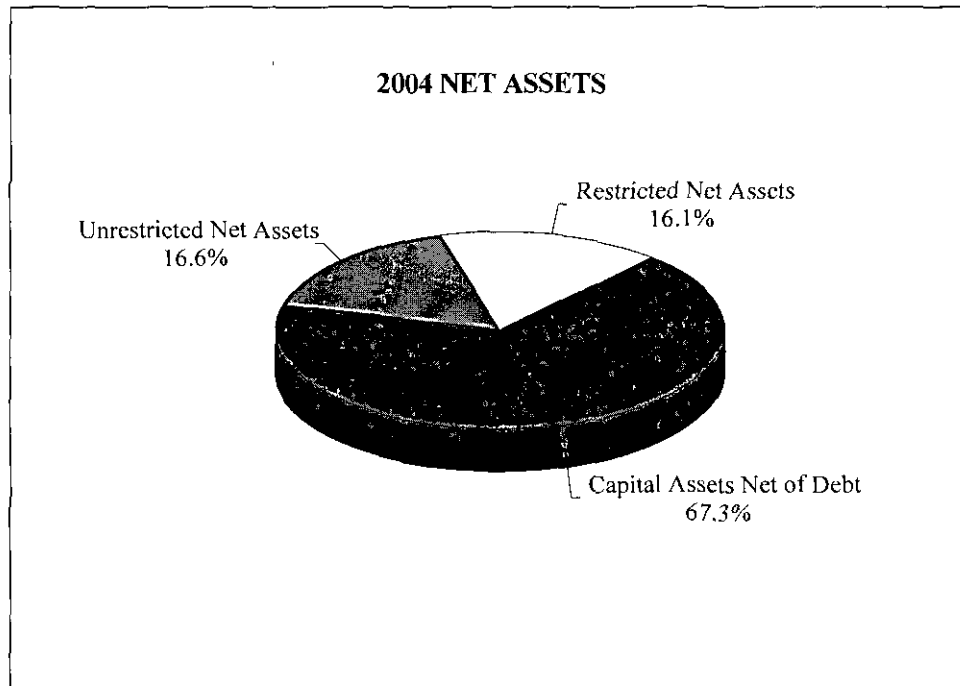
**Government-Wide Financial Analysis**

The following table reflects the condensed Statement of Net Assets for 2004, with comparative figures from 2003:

City of Baton Rouge, Parish of East Baton Rouge  
Condensed Statement of Net Assets  
December 31, 2004 & 2003  
(in millions)

	Governmental Activities		Business- Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<b>Assets:</b>						
Current and Other Assets	\$327.3	\$340.2	\$217.9	\$191.7	\$ 545.2	\$ 531.9
Restricted Assets	--	--	58.9	70.0	58.9	70.0
Capital Assets	<u>426.4</u>	<u>399.4</u>	<u>638.5</u>	<u>587.1</u>	<u>1,064.9</u>	<u>986.5</u>
Total Assets	<u>753.7</u>	<u>739.6</u>	<u>915.3</u>	<u>848.8</u>	<u>1,669.0</u>	<u>1,588.4</u>
<b>Liabilities:</b>						
Current Liabilities	45.5	47.3	30.1	28.3	75.6	75.6
Non-current Liabilities	<u>188.5</u>	<u>189.4</u>	<u>302.3</u>	<u>310.3</u>	<u>490.8</u>	<u>499.7</u>
Total Liabilities	<u>234.0</u>	<u>236.7</u>	<u>332.4</u>	<u>338.6</u>	<u>566.4</u>	<u>575.3</u>
<b>Net Assets:</b>						
Invested in Capital Assets Net of Debt	360.4	334.2	382.2	335.0	742.6	669.2
Restricted	145.5	148.5	31.8	31.9	177.3	180.4
Unrestricted	<u>13.8</u>	<u>20.2</u>	<u>168.9</u>	<u>143.3</u>	<u>182.7</u>	<u>163.5</u>
Total Net Assets	<u>\$519.7</u>	<u>\$502.9</u>	<u>\$582.9</u>	<u>\$510.2</u>	<u>\$1,102.6</u>	<u>\$1,013.1</u>

For more detailed information see Exhibit A-1, the Statement of Net Assets.



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Approximately 67.3% (\$742.6 million) of the City-Parish's net assets as of December 31, 2004, reflect the government's investment in capital assets (land, buildings, infrastructure, machinery and equipment) less any related outstanding debt used to acquire those assets. The City-Parish government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Another 16.1% (\$177.3 million) of the government's net assets is subject to external restrictions on how those assets may be used, such as a property tax approved by the electorate for specific purposes. The remaining 16.6% of net assets, referred to as *unrestricted* (\$182.7 million), may be used to meet the ongoing obligations of the government to citizens and creditors.

The table below provides a summary of the changes in net assets for the year ended December 31, 2004, with comparative figures from 2003:

City of Baton Rouge, Parish of East Baton Rouge  
 Condensed Statement of Changes in Net Assets  
 For the Years Ended December 31, 2004 & 2003  
 (in millions)

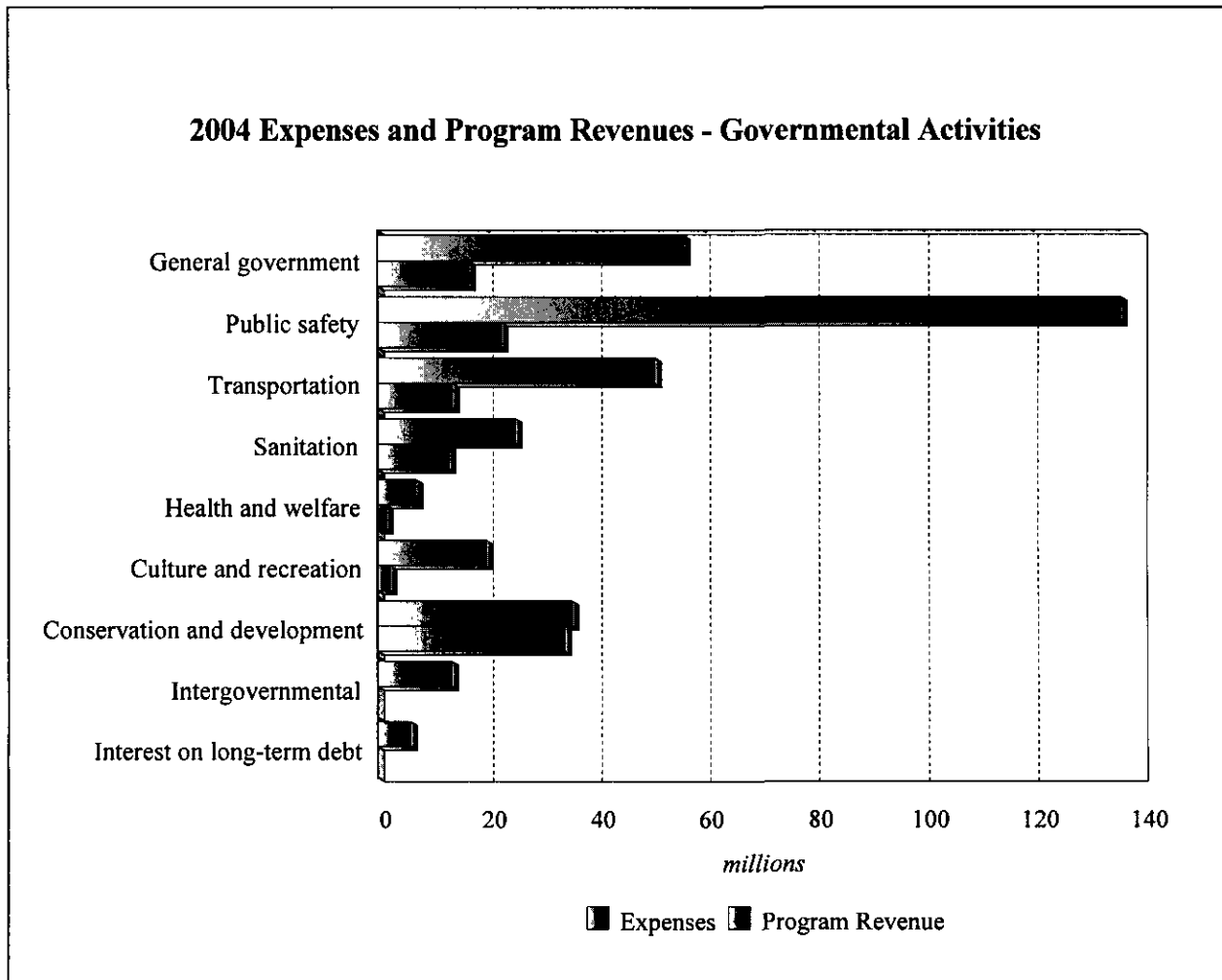
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 48.7	\$ 45.1	\$ 74.0	\$ 72.3	\$ 122.7	\$ 117.4
Operating Grants and Contributions	42.3	40.3	--	1.2	42.3	41.5
Capital Grants and Contributions	13.5	22.9	52.1	25.0	65.6	47.9
General Revenues:						
Sales Taxes	164.8	160.6	31.2	30.8	196.0	191.4
Other Taxes	105.3	102.4	--	--	105.3	102.4
Grants and Contributions Not Restricted to Specific Programs	4.2	4.5	--	--	4.2	4.5
Other	<u>5.1</u>	<u>5.5</u>	<u>3.7</u>	<u>3.2</u>	<u>8.8</u>	<u>8.7</u>
Total Revenues	<u>383.9</u>	<u>381.3</u>	<u>161.0</u>	<u>132.5</u>	<u>544.9</u>	<u>513.8</u>
Expenses:						
General Government	56.3	50.3	0.9	0.8	57.2	51.1
Public Safety	136.3	126.1	--	--	136.3	126.1
Transportation	51.0	46.7	13.6	13.5	64.6	60.2
Sanitation	25.4	23.6	86.1	79.1	111.5	102.7
Health and Welfare	7.0	7.1	--	--	7.0	7.1
Culture and Recreation	19.9	18.5	3.5	3.5	23.4	22.0
Conservation and Development	35.7	36.4	--	--	35.7	36.4
Intergovernmental	13.6	13.1	--	--	13.6	13.1
Interest on Long-Term Debt	<u>6.1</u>	<u>6.0</u>	<u>--</u>	<u>--</u>	<u>6.1</u>	<u>6.0</u>
Total Expenses	<u>351.3</u>	<u>327.8</u>	<u>104.1</u>	<u>96.9</u>	<u>455.4</u>	<u>424.7</u>
Increase in Net Assets Before						
Transfers	32.6	53.5	56.9	35.6	89.5	89.1
Transfers	<u>(15.8)</u>	<u>(13.0)</u>	<u>15.8</u>	<u>13.0</u>	<u>--</u>	<u>--</u>
Increase In Net Assets	16.8	40.5	72.7	48.6	89.5	89.1
Net Assets, January 1, restated	<u>502.9</u>	<u>462.4</u>	<u>510.2</u>	<u>461.6</u>	<u>1,013.1</u>	<u>924.0</u>
Net Assets, December 31	<u>\$519.7</u>	<u>\$502.9</u>	<u>\$582.9</u>	<u>\$510.2</u>	<u>\$1,102.6</u>	<u>\$1,013.1</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

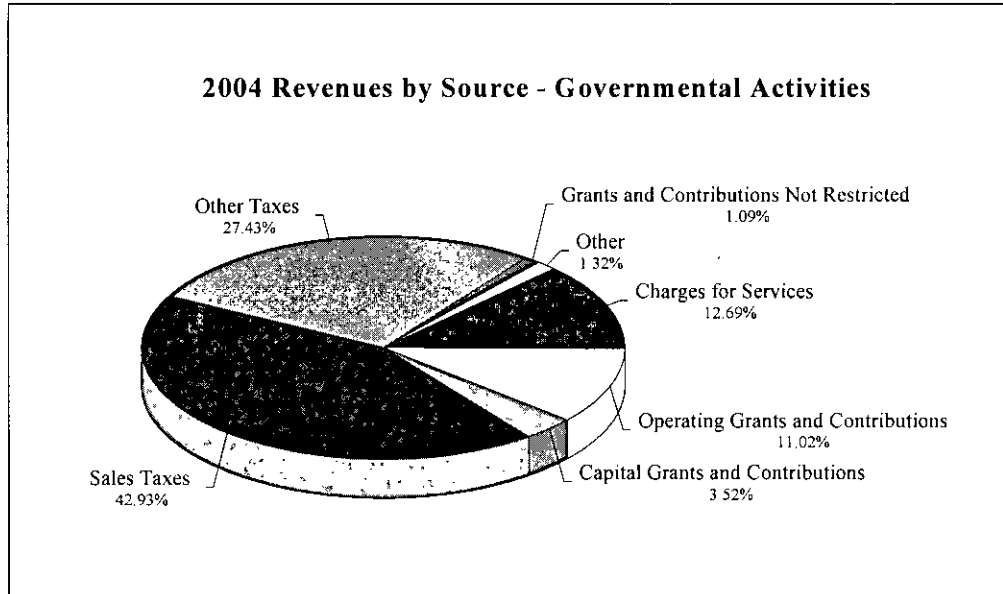
The government's net assets increased \$89.5 million during the current fiscal year.

*Governmental Activities* net assets increased \$16.8 million in 2004, primarily due to:

- (1) An increase of approximately \$11.4 million capitalized during the year from the following external sources: Capital grants from the State of Louisiana for transportation purposes (\$5.5 million), donated infrastructure from developers (\$3.7 million), and miscellaneous capital grants for public safety and conservation and development from the federal and state governments (\$2.2 million).
- (2) An additional \$4.2 million in sales and use tax revenues due to growth in the economy.
- (3) An additional \$2.2 million in property taxes due to growth of the tax rolls.
- (4) An additional \$1.2 million in court fees dedicated to the construction of a new judicial building.
- (5) A net decrease of approximately \$0.9 million in long-term debt primarily due to the retirement of governmental activities bonded debt.
- (6) Other miscellaneous decreases in net assets (\$1.3 million).

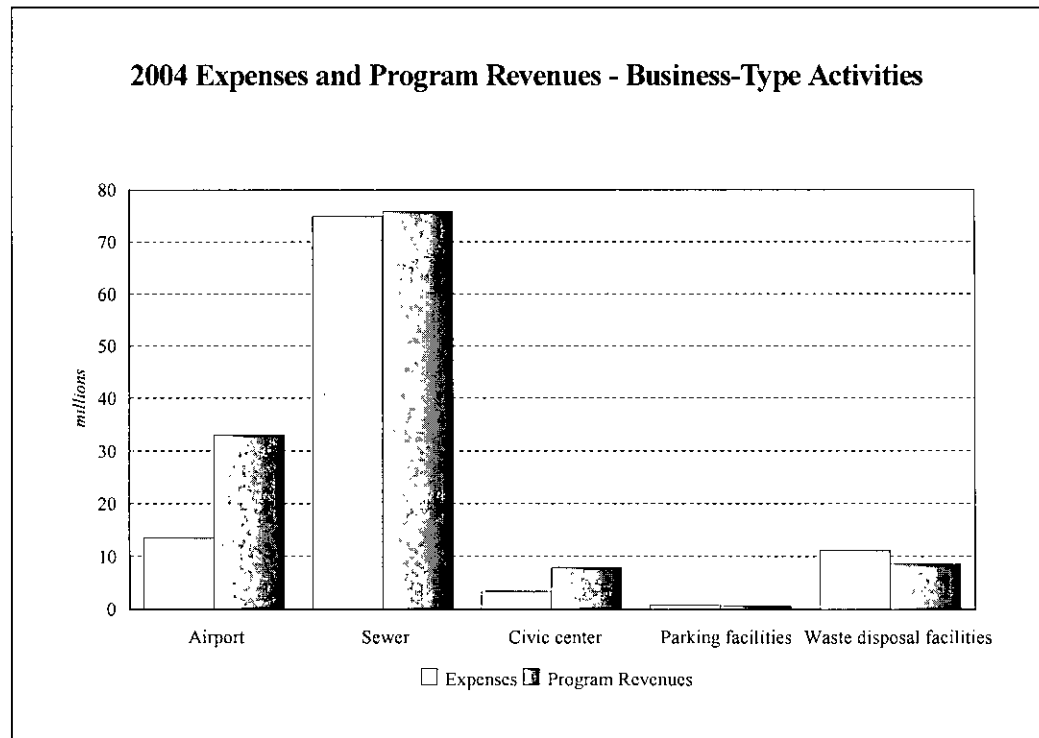


**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

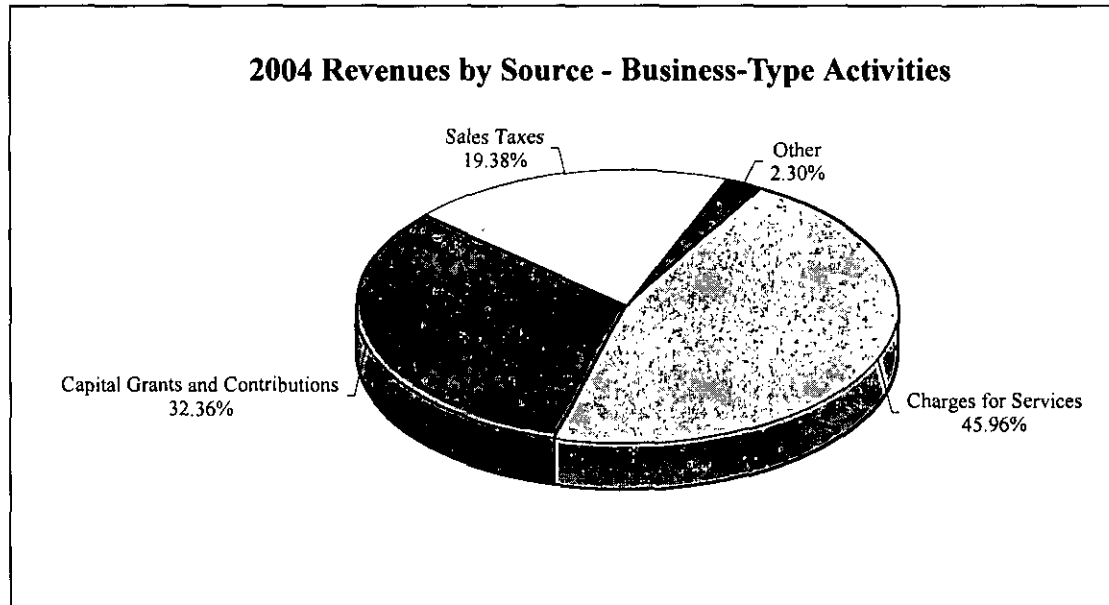


*Business-Type Activities'* net assets increased by \$72.7 million in 2004, primarily due to:

- (1) Sales tax (non-operating) revenues collected in excess of debt service that will be used for the sewerage capital improvements program in the amount of \$17.0 million.
- (2) Enterprise fund contributions from external parties of \$52.1 million from the following sources: airport grants from federal and state agencies (\$22.3 million), sewer fund grants from federal and state agencies (\$0.4 million), state capital outlay funds for the Baton Rouge River Center (\$6.8 million), contributions of infrastructure from private developers to the sewerage system (\$18.2 million), and sewer impact fees (\$4.4 million).
- (3) Contributions from governmental fund types for additional land (\$2.1 million) and a gas collection system (\$1.5 million) for the solid waste disposal facility.



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**



**Financial Analysis of the Government's Funds**

As noted earlier, the City-Parish uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds:* The focus of the City-Parish's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City-Parish's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the primary government's governmental funds reported combined ending fund balances of \$271.3 million, a decrease of \$9.1 million in comparison with the prior year. The reduction in total fund balances is primarily attributable to the spending of Capital Project Fund fund balance on construction projects in 2004. Approximately 38% of total governmental funds fund balance (\$103.8 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to: (1) liquidation of contracts and purchase orders of the prior period (\$33.0 million), (2) payment of debt service (\$25.5 million), (3) loans to low-income recipients (\$3.1 million), (4) legal appropriations in the 2005 operating budget (\$18.4 million), (5) continuing projects carried forward to the next fiscal year (\$86.9 million), or (6) investment of inventories at December 31, 2004 (\$0.6 million).

The General Fund is the chief operating fund of the Consolidated Government of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$6.7 million, while total fund balance was \$67.5 million. Compared with total fund balance of \$71.6 million at the end of 2003, fund balance decreased approximately \$4.1 million during 2004. The decrease in fund balance was primarily the net result of the partial implementation of a new pay plan during 2004, and an increase in the employer retirement contribution rate, offset by an increase in sales taxes collected.

Fund balance in the Capital Projects Fund increased (\$2.4 million) in 2004 as compared to ending fund balance in 2003 due to the appropriation of additional funds for library facilities, including partial funding for the replacement of the main library. Approximately \$99.2 million of Capital Projects Fund fund balance remains at December 31, 2004, for planned projects.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

*Proprietary Funds:* The City-Parish's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Greater Baton Rouge Airport District were negative \$7.9 million at December 31, 2004. In addition, the General Fund had provided short-term borrowing of \$9.3 million to the District at year-end. Most of this major fund's assets are capital assets. Due to the slow down in the aviation industry and other factors, the District incurred a \$2.9 million loss before government contributions and transfers during 2004. The District's administration is working on a plan to address the future funding and operations of the airport. In addition, the District began negotiating a new airport/airline lease agreement in 2004, which will be finalized in 2005.

Unrestricted net assets of the Comprehensive Sewerage System Fund was \$169.8 million at December 31, 2004. This fund encompasses all assets associated with sewerage operations, maintenance, and capital improvements held by the City, the Parish, the Consolidated Sewerage District, and the East Baton Rouge Parish Sewerage Commission. Restricted assets total over \$170.3 million, reflecting a heavy investment in capital assets. The fund realized a net income of \$12.7 million before government contributions and transfers for the year ended December 31, 2004.

**General Fund Budgetary Highlights**

The total difference between the original General Fund budget and the final amended budget was an increase in appropriations of \$15.2 million. Supplemental appropriations totaling \$15.2 million were approved during the year by the Metropolitan Council for various programs summarized as follows: (1) drainage, road and building projects (\$4.9 million), (2) partial implementation of pay plan recommendations made by consultant (\$4.0 million), (3) Expansion and improvements at Solid Waste Disposal Facility (\$1.9 million), (4) settlement of general, auto, and professional liability claims and judgments (\$1.9 million), (4) miscellaneous improvement projects and supplementary departmental operating expenditures (\$2.5 million).

Material differences between actual results and final amended budgeted amounts in the General Fund are as follows:

- Sales and use taxes were collected in excess of budget by approximately \$1.0 million. The original General Fund budget used a two percent growth rate and actual sales tax revenues for the General Fund grew by 2.9 percent during 2004.
- Gaming admissions taxes were collected in excess of budget by approximately \$4.5 million. The administration's policy on these taxes is to appropriate gaming revenues only after they are collected and use them primarily for non-recurring expenditures.
- Gross receipts business taxes were collected in excess of budget by approximately \$1.6 million. These taxes are based on the consumption of utilities and are very cyclical in nature. Conservative estimates are used for this revenue in the General Fund budget.
- Modest growth within both the city and the parish increased property tax collections over the budgeted amount by approximately \$0.6 million.
- The risk management budget was underspent by approximately \$3.6 million when actual claims for employee benefits were lower than projected in the operating budget. Excess premiums were credited to the health insurance designation to offset needed premium increases in future years. (see Note 9(f) in the Notes to Financial Statements.)

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

- Approximately \$10.3 million of appropriations for departmental budgets were not spent during 2004. The Plan of Government allows for the carry-forward of funds that are allocated to one-time projects to subsequent years. These appropriations carried forward, in the amount of \$6.0 million, are listed on the balance sheet as "reserved for continuing projects". The majority of these funds are appropriated to upgrade information services network systems and computers, purchase bulletproof and tactical vests, provide for replacement of departmental office equipment, and provide funds for public works projects such as drainage, street improvements and seasonal workers.

**Capital Asset and Debt Administration**

**Capital Assets:** The City of Baton Rouge, Parish of East Baton Rouge Consolidated Government's investment in capital assets for its governmental and business-type activities as of December 31, 2004, amounts to \$1,064.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, airport facilities, parking facilities, a landfill, wastewater treatment facilities, roads, highways, bridges, and drainage systems. The total increase in the City-Parish's investment in capital assets for the current fiscal year was \$78.4 million, a 6.8% increase for governmental activities and an 8.8% increase for business-type activities.

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

- Purchased additional right-of-way land and local match for the 1-10 frontage road from Bluebonnet Boulevard to Siegen Lane (\$4.1 million).
- Completion and capitalization of Bluebonnet Extension (Burbank to Nicholson) road project (\$8.4 million).
- Purchased right-of-way land and began construction on several additional infrastructure road projects:
  - Blount Road Improvement (\$4.0 million)
  - North Boulevard Overpass Improvement (\$1.5 million)
  - George O'Neal Road (\$4.0 million)
- Completion and capitalization of four new buildings:
  - Carver Branch Library (\$2.7 million)
  - Expansion of Delmont Gardens Branch Library (\$2.9 million)
  - South Baton Rouge Headstart Center (\$1.7 million)
  - Evangeline Street Fire Station (\$0.8 million)
- Capital improvements to the sewerage system, including upgrades to treatment plants and rehabilitation of major sewer lines (\$26.0 million).
- Renovations and improvements to the Airport terminal building and other Airport improvements (\$25.7 million).
- Capitalization of expansion and improvements made to the Baton Rouge River Center (\$38.0 million including prior year construction work in progress of \$24.0 million).

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

City of Baton Rouge, Parish of East Baton Rouge  
Capital Assets  
(Net of Depreciation)  
December 31, 2004 & 2003  
(in millions)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2004	2003	2004	2003	2004	2003
Land	\$ 80.4	\$ 77.0	\$ 71.4	\$ 69.3	\$151.8	\$146.3
Buildings	90.9	86.9	101.7	69.5	192.6	156.4
Improvements (Other Than Buildings) and Infrastructure	187.3	180.3	439.1	410.7	626.4	591.0
Machinery and Equipment	17.5	18.0	2.6	2.5	20.1	20.5
Construction Work-In-Progress	<u>50.3</u>	<u>37.2</u>	<u>23.7</u>	<u>35.1</u>	<u>74.0</u>	<u>72.3</u>
Total	<u>\$426.4</u>	<u>\$399.4</u>	<u>\$638.5</u>	<u>\$587.1</u>	<u>\$1,064.9</u>	<u>\$986.5</u>

Additional information on the City-Parish's capital assets can be found in Note 6, Exhibit A-15 of this report.

**Long-Term Debt:** At the end of the current fiscal year, the City-Parish had total bonded debt outstanding of \$429.0 million. Of this amount, \$83.3 million comprises debt backed by the full faith and credit of the government. The remainder of the debt represents bonds secured solely by specified revenue sources such as the general sales tax of the General Fund. There are no general obligation bonds outstanding for the City of Baton Rouge nor the Parish of East Baton Rouge at the end of the fiscal year.

City of Baton Rouge, Parish of East Baton Rouge  
Summary of Excess Revenue and Revenue Bonds  
December 31, 2004 & 2003  
(in millions)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2004	2003	2004	2003	2004	2003
Excess Revenue Contracts, Loans and Notes	\$ 71.6	\$ 73.5	\$ 11.7	\$ 6.8	\$ 83.3	\$ 80.3
Sales Tax Revenue Bonds	<u>67.1</u>	<u>71.5</u>	<u>278.6</u>	<u>293.2</u>	<u>345.7</u>	<u>364.7</u>
Total All Bonds, Contracts, Loans and Notes	<u>\$138.7</u>	<u>\$145.0</u>	<u>\$290.3</u>	<u>\$300.0</u>	<u>\$429.0</u>	<u>\$445.0</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

On October 28, 2004, the Parish issued \$24,865,000 of Public Improvement (Sewer) Sales Tax Bonds to advance refund a portion of the \$65.0 million Series ST - 1996 Public Improvement (Sewer) Sales Tax Bonds (original net interest cost 5.66%; principal refunded - \$24,860,000). Gross cash savings of principal and interest on the refunding were realized by the Comprehensive Sewerage System Fund in the amount of \$3,674,062, and the net economic gain was \$3,125,410, as detailed in Note 10(a)14 of the Notes to Financial Statements.

In 2004, the Parish borrowed additional funds from the 1999 Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA) program to aide in the construction of a new downtown parking facility. A total of \$539,743 has been loaned to the Parish at December 31, 2004. Total LCDA loan authorization for this loan is \$2,500,000. Funds are drawn down as costs are incurred on the parking garage project. The loan is expected to be repaid over a fourteen year term.

The City applied for an LCDA loan in 2004 for the Greater Baton Rouge Airport District to provide funds for airport improvements. Although total loan authorization for this loan is \$10,000,000, only \$2,565,426 has been loaned to the City as of December 31, 2004. Funds are also drawn on this loan as costs are incurred on airport projects. The loan is expected to be repaid over a twenty-five year term.

As of December 31, 2004, City-Parish bonds are rated by three of the major rating services as follows:

	<u>Underlying Ratings</u>			<u>Insured Ratings</u>		
	<u>Moody's Investors Service</u>	<u>Standard and Poor's</u>	<u>Fitch Investors</u>	<u>Moody's Investors Service</u>	<u>Standard and Poor's</u>	<u>Fitch Investors</u>
City of Baton Rouge (2%) Sales Tax Revenue Bonds	A1	AA-	AA-	Aaa	AAA	AAA
Parish of East Baton Rouge (2%) Sales Tax Revenue Bonds	A1	AA-	AA-	Aaa	AAA	AAA
Parish of East Baton Rouge Sewer Improvement (½%) Sales Tax Revenue Bonds	A3	A	A	Aaa	AAA	AAA

Additional information on debt administration can be found in Note 10 of the Notes to the Financial Statements including information concerning the computation of legal debt margins for different types of bonds.

**Economic Factors and Next Year's Budget and Rates**

The City-Parish's General Fund receives approximately 50% of its revenues from the 2% general sales and use tax levied by the City of Baton Rouge or the Parish of East Baton Rouge; therefore, economic indicators are very important in forming the General Fund budget estimates. Sales tax revenue assumptions are reviewed by Dr. James A. Richardson, John Rhea Alumni Professor of Economics at Louisiana State University, and Dr. Loren C. Scott, Professor Emeritus in the Department of Economics at Louisiana State University. In their predictions for 2005, they stated, "Based on the modest employment projections for 2005 and 2006, the continued downturn in the chemical industry in the Baton Rouge area, and the history of the sales tax collections, we believe it would be prudent to incorporate a sales tax projection of 0.5 to 1.5 percent in the 2005 budget for the City-Parish." Based upon the advice of these experts, the 2005 operating budget assumes a one percent growth rate for sales and use tax revenues.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Requests For Information**

This financial report is designed to provide a general overview of the finances of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Department of Finance, Accounting Division, P.O. Box 1471, Baton Rouge, Louisiana, 70821-1471.



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2004**

EXHIBIT A - 1

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents (Note 3)	\$ 86,834,747	\$ 69,563,262	\$ 156,398,009	\$ 11,410,323
Investments (Note 3)	137,715,323	126,670,903	264,386,226	1,272,111
Receivables - net (Note 13)	37,041,555	10,729,282	47,770,837	2,061,763
Due from other governments (Note 11)	59,535,713	9,816,951	69,352,664	3,884,559
Due from component units (Note 11)	239,949	--	239,949	--
Due from primary government (Note 11)	--	--	--	6,702
Prepaid items	--	11,961	11,961	12,558
Loans receivable	3,094,976	--	3,094,976	--
Inventory	830,474	--	830,474	354,667
Net pension asset	--	--	--	1,168,484
Other assets	--	--	--	37,672
Restricted assets:				
Cash and cash equivalents (Note 3)	--	10,008,944	10,008,944	251,688
Investments (Note 3)	--	48,361,205	48,361,205	--
Receivables - net (Note 13)	--	586,058	586,058	--
Deferred bond issuance costs	1,998,904	1,119,728	3,118,632	--
Capital assets (Note 6):				
Non-depreciable	130,736,289	95,130,260	225,866,549	1,378,456
Depreciable, net	295,695,537	543,328,890	839,024,427	23,877,941
Total assets	<u>753,723,467</u>	<u>915,327,444</u>	<u>1,669,050,911</u>	<u>45,716,924</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	26,397,007	15,250,034	41,647,041	2,330,021
Internal balances (Note 11)	(9,255,964)	9,255,964	--	--
Due to other governments	2,826,289	--	2,826,289	783,635
Due to primary government (Note 11)	--	--	--	239,949
Due to component units (Note 11)	6,702	--	6,702	--
Accrued payables	7,481,821	5,024,946	12,506,767	1,678,743
Deferred revenue	2,208,451	555,092	2,763,543	--
Deposits and escrow accounts	15,832,614	--	15,832,614	--
Other liabilities	--	--	--	559,992
Non-current liabilities (Note 10):				
Due within one year	22,267,273	16,902,989	39,170,262	1,709,137
Due in more than one year	166,252,056	285,406,340	451,658,396	12,816,312
Total liabilities	<u>234,016,249</u>	<u>332,395,365</u>	<u>566,411,614</u>	<u>20,117,789</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	360,433,562	382,200,322	742,633,884	14,910,037
Restricted for (Note 14):				
Capital projects	57,878,120	38,222	57,916,342	--
Debt service	23,192,254	31,094,440	54,286,694	--
Passenger facility charges	--	723,713	723,713	--
Other purposes	64,365,440	--	64,365,440	459,423
Unrestricted	13,837,842	168,875,382	182,713,224	10,229,675
Total net assets	<u>\$ 519,707,218</u>	<u>\$ 582,932,079</u>	<u>\$ 1,102,639,297</u>	<u>\$ 25,599,135</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Function/Programs</b>				
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 56,263,759	\$ 16,511,006	\$ 176,763	\$ --
Public safety	136,279,898	13,786,611	8,213,130	725,458
Transportation	51,039,034	542,632	2,860,562	10,326,058
Sanitation	25,369,391	13,086,734	--	--
Health and welfare	7,049,371	579,029	979,532	--
Culture and recreation	19,960,317	462,774	932,183	907,968
Conservation and development	35,734,556	3,715,344	29,142,172	1,561,516
Intergovernmental	13,601,395	--	--	--
Interest and fiscal charges on long-term debt	6,064,313	--	--	--
Total governmental activities	<u>351,362,034</u>	<u>48,684,130</u>	<u>42,304,342</u>	<u>13,521,000</u>
Business-type activities:				
Airport	13,561,078	10,772,804	3,081	22,318,421
Sewer	74,933,971	52,810,776	--	23,051,239
Civic center	3,483,199	1,203,987	76,340	6,689,060
Parking facilities	936,729	674,676	--	--
Waste disposal facilities	11,203,253	8,588,445	--	--
Total business-type activities	<u>104,118,230</u>	<u>74,050,688</u>	<u>79,421</u>	<u>52,058,720</u>
Total primary government	<u>\$ 455,480,264</u>	<u>\$ 122,734,818</u>	<u>\$ 42,383,763</u>	<u>\$ 65,579,720</u>
<b>Component units:</b>				
Judicial court services	\$ 34,539,648	\$ 19,231,885	\$ 15,379,255	\$ --
Coroner	905,919	169,763	738,775	--
Fire protection districts	12,777,912	1,918,592	496,459	--
Mass transit	13,774,729	4,115,062	1,016,690	617,502
Total component units	<u>\$ 61,998,208</u>	<u>\$ 25,435,302</u>	<u>\$ 17,631,179</u>	<u>\$ 617,502</u>

**General revenues:**

Taxes:

Property

Gross receipts business

Sales

Occupancy

Occupational

Insurance premium

Gaming admissions

Interest and penalties - delinquent taxes

Grants and contributions not restricted to specific programs

Investment earnings

Gain (loss) on sale of capital assets

Transfers (to) from other funds

Total general revenues and transfers

Change in net assets

Net Assets - beginning of year, restated

Net Assets - end of year

The accompanying notes are an integral part of this statement.

<b>Net (Expense) Revenue and Changes in Net Assets</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (39,575,990)	\$ --	\$ (39,575,990)	\$ --
(113,554,699)	--	(113,554,699)	--
(37,309,782)	--	(37,309,782)	--
(12,282,657)	--	(12,282,657)	--
(5,490,810)	--	(5,490,810)	--
(17,657,392)	--	(17,657,392)	--
(1,315,524)	--	(1,315,524)	--
(13,601,395)	--	(13,601,395)	--
(6,064,313)	--	(6,064,313)	--
<u>(246,852,562)</u>	<u>--</u>	<u>(246,852,562)</u>	<u>--</u>
--	19,533,228	19,533,228	--
--	928,044	928,044	--
--	4,486,188	4,486,188	--
--	(262,053)	(262,053)	--
--	(2,614,808)	(2,614,808)	--
--	22,070,599	22,070,599	--
<u>(246,852,562)</u>	<u>22,070,599</u>	<u>(224,781,963)</u>	<u>--</u>
--	--	--	71,492
--	--	--	2,619
--	--	--	(10,362,861)
--	--	--	(8,025,475)
<u>--</u>	<u>--</u>	<u>--</u>	<u>(18,314,225)</u>
62,895,150	--	62,895,150	9,676,582
22,203,425	--	22,203,425	--
164,820,669	31,161,368	195,982,037	--
763,834	--	763,834	788,776
8,124,176	--	8,124,176	--
3,194,151	--	3,194,151	--
6,504,030	--	6,504,030	--
1,613,887	--	1,613,887	--
4,218,435	--	4,218,435	8,742,762
4,021,771	3,629,981	7,651,752	429,705
1,060,622	129,070	1,189,692	5,278
(15,769,732)	15,769,732	--	--
<u>263,650,418</u>	<u>50,690,151</u>	<u>314,340,569</u>	<u>19,643,103</u>
16,797,856	72,760,750	89,558,606	1,328,878
<u>502,909,362</u>	<u>510,171,329</u>	<u>1,013,080,691</u>	<u>24,270,257</u>
<u>\$ 519,707,218</u>	<u>\$ 582,932,079</u>	<u>\$ 1,102,639,297</u>	<u>\$ 25,599,135</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2004**

EXHIBIT A - 3

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents (Note 3)	\$ 14,737,475	\$ 34,245,534	\$ 29,984,253	\$ 78,967,262
Investments (Note 3)	27,369,594	50,105,959	60,239,770	137,715,323
Property taxes receivable - net (Note 4)	3,092,161	--	7,719,731	10,811,892
Gross receipts business taxes receivable	4,935,661	--	--	4,935,661
Sales taxes receivable	14,156,280	1,907,241	1,393,707	17,457,228
Interest and penalties receivable on taxes	70,374	--	--	70,374
Accounts receivable - net	1,425,364	--	1,439,916	2,865,280
Accrued interest receivable	141,039	213,942	475,304	830,285
Special assessments receivable	40,497	11,950	--	52,447
Due from other funds (Note 11)	15,669,253	23,412,195	--	39,081,448
Due from other governments (Note 11)	15,777,976	158,163	41,252,030	57,188,169
Due from component units	239,949	--	--	239,949
Loans receivable	--	--	3,094,976	3,094,976
Inventory	631,565	--	--	631,565
<b>Total assets</b>	<b>\$ 98,287,188</b>	<b>\$ 110,054,984</b>	<b>\$ 145,599,687</b>	<b>\$ 353,941,859</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts and contracts payable	\$ 9,033,847	\$ 10,829,067	\$ 6,135,781	\$ 25,998,695
Due to other funds (Note 11)	--	--	29,825,484	29,825,484
Due to other governments	2,701,957	--	124,332	2,826,289
Due to component units	6,702	--	--	6,702
Accrued payables	2,601,084	--	853,500	3,454,584
Deferred revenue	839,344	11,950	3,853,561	4,704,855
Deposits and escrow accounts	15,576,885	--	255,729	15,832,614
<b>Total liabilities</b>	<b>30,759,819</b>	<b>10,841,017</b>	<b>41,048,387</b>	<b>82,649,223</b>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Encumbrances	884,178	28,454,624	3,652,543	32,991,345
Loans receivable	--	--	3,094,976	3,094,976
Inventory	631,565	--	--	631,565
Debt service - principal	--	--	17,818,916	17,818,916
Debt service - interest	--	--	7,651,101	7,651,101
Subsequent year expenditures (Note 1)	3,250,000	--	15,107,440	18,357,440
Continuing projects (Note 1)	6,020,560	70,759,343	10,103,951	86,883,854
<b>Unreserved, designated, reported in:</b>				
<b>General Fund:</b>				
Insurance	27,442,007	--	--	27,442,007
Solid waste collection and disposal	3,105,140	--	--	3,105,140
Special purposes	3,557,132	--	--	3,557,132
Gaming revenues	4,538,125	--	--	4,538,125
Budget stabilization	11,394,000	--	--	11,394,000
<b>Unreserved, Undesignated, reported in:</b>				
General Fund	6,704,662	--	--	6,704,662
Special Revenue Funds	--	--	47,122,373	47,122,373
<b>Total fund balances</b>	<b>67,527,369</b>	<b>99,213,967</b>	<b>104,551,300</b>	<b>271,292,636</b>
<b>Total liabilities and fund balances</b>	<b>\$ 98,287,188</b>	<b>\$ 110,054,984</b>	<b>\$ 145,599,687</b>	<b>\$ 353,941,859</b>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2004**

EXHIBIT A - 4

Fund balances - total governmental funds \$ 271,292,636

Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	751,123,135	
Less accumulated depreciation	<u>(330,684,702)</u>	420,438,433

Assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds		
Deferred bond issuance costs		1,998,904

Some revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current-period expenditures.		
Property tax revenue	2,496,404	
Louisiana revenue sharing	1,051,842	
Enhanced 911 revenues	38,661	
La. Department of Transportation and Development	<u>1,257,041</u>	4,843,948

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable	(3,985,314)	
Bonds payable	(138,752,508)	
Deferred amount on refunding	(881,901)	
Compensated absences payable	(14,965,465)	
Obligation under capital leases	(81,889)	
Claims and judgments payable	(29,735,472)	
Employee benefits payable	<u>(3,937,671)</u>	(192,340,220)

Internal service funds are used by management to charge the costs of fleet management and maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		<u>13,473,517</u>
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Net assets of governmental activities	<u>\$ 519,707,218</u>
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**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT A - 5

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property	\$ 18,407,061	\$ --	\$ 44,554,078	\$ 62,961,139
Gross receipts business taxes	22,203,425	--	--	22,203,425
Sales	118,071,748	17,870,665	28,878,256	164,820,669
Occupancy	763,834	--	--	763,834
Occupational	8,124,176	--	--	8,124,176
Insurance premiums	3,194,151	--	--	3,194,151
Gaming admissions	6,504,030	--	--	6,504,030
Interest and penalties - delinquent	1,613,887	--	--	1,613,887
Licenses and permits	3,229,970	--	366,458	3,596,428
Intergovernmental revenues	9,734,390	6,463,389	39,783,868	55,981,647
Charges for services	20,432,910	1,816,482	15,446,700	37,696,092
Fines and forfeits	1,463,484	--	542,623	2,006,107
Investment earnings	848,786	1,145,012	1,926,954	3,920,752
Miscellaneous revenues	10,814,062	332,395	3,797,699	14,944,156
Total revenues	225,405,914	27,627,943	135,296,636	388,330,493
<b>EXPENDITURES</b>				
Current:				
General government	51,827,782	--	1,115,728	52,943,510
Public safety	103,208,924	--	24,016,493	127,225,417
Transportation	22,119,099	--	15,141,858	37,260,957
Sanitation	14,217,768	--	10,502,847	24,720,615
Health and welfare	1,565,491	--	5,172,621	6,738,112
Culture and recreation	1,123,389	--	17,011,956	18,135,345
Conservation and development	1,988,860	--	32,970,580	34,959,440
Debt service:				
Principal retirement	--	--	12,258,269	12,258,269
Interest and fiscal charges	--	--	9,720,085	9,720,085
Capital outlay	26,542	41,137,980	3,826,920	44,991,442
Intergovernmental	12,653,464	--	947,230	13,600,694
Total expenditures	208,731,319	41,137,980	132,684,587	382,553,886
Excess (deficiency) of revenues over (under) expenditures	16,674,595	(13,510,037)	2,612,049	5,776,607
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (Note 12)	2,272,492	21,982,669	7,212,504	31,467,665
Transfers out (Note 12)	(23,821,654)	(6,122,527)	(17,293,216)	(47,237,397)
Proceeds of capital asset disposition	796,561	--	23,871	820,432
Capital leases	26,542	--	--	26,542
Total other financing sources and uses	(20,726,059)	15,860,142	(10,056,841)	(14,922,758)
Net change in fund balances	(4,051,464)	2,350,105	(7,444,792)	(9,146,151)
Fund balances, January 1	71,578,833	96,863,862	111,996,092	280,438,787
Fund balances, December 31	\$ 67,527,369	\$ 99,213,967	\$ 104,551,300	\$ 271,292,636

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT A - 6

Net change in fund balances - total governmental funds		\$ (9,146,151)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	44,991,442	
Depreciation expense	<u>(23,881,780)</u>	21,109,662
The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins, and donations, is to increase net assets.		
		5,654,375
Because some revenues will not be collected for several months after year-end, they are not considered "available" revenues in the governmental funds.		
Property tax revenue	(65,989)	
Louisiana revenue sharing	(98,234)	
Enhanced 911 revenues	(32,243)	
La. Department of Transportation and Development	<u>(1,683,355)</u>	(1,879,821)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Amortization of bond issuance costs	(111,734)	
Amortization of gain on refunding	35,276	
Principal payments	12,258,269	
Adjustment for debt recorded in business type activities	<u>(6,001,153)</u>	6,180,658
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest payable	206,973	
Compensated absences payable	(1,901,884)	
Claims and judgments payable	(2,669,549)	
Employee benefits payable	<u>(785,383)</u>	(5,149,843)
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability.		
		(26,542)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		
		<u>55,518</u>
Change in net assets of governmental activities		<u>\$ 16,797,856</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT A - 7

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 17,781,480	\$ 17,803,380	\$ 18,407,061	\$ 603,681
Gross receipts business taxes	20,508,660	20,579,194	22,203,425	1,624,231
General sales and use taxes	117,070,040	117,070,040	118,071,748	1,001,708
Occupancy taxes	750,000	750,000	763,834	13,834
Occupational taxes	7,520,000	7,574,710	8,124,176	549,466
Insurance premiums taxes	3,185,000	3,185,000	3,194,151	9,151
Gaming admissions taxes	2,000,000	2,000,000	6,504,030	4,504,030
Interest and penalties - delinquent taxes	1,169,090	1,169,090	1,613,887	444,797
Total taxes	169,984,270	170,131,414	178,882,312	8,750,898
Licenses and permits:				
Use of streets:				
Public conveyances	10,000	10,000	9,656	(344)
Bicycle registration fees	60,000	60,000	69,545	9,545
Occupational and professional:				
Air conditioning and heating	30,000	30,000	33,800	3,800
Electrical contractors	30,000	30,000	35,265	5,265
Plumbers	25,000	25,000	26,200	1,200
House moving	1,000	1,000	350	(650)
Garbage collectors	24,400	24,400	21,800	(2,600)
Arborists	300	300	100	(200)
Classified employees	96,000	96,000	110,925	14,925
Waiter / waitress	300	300	200	(100)
Retail clerks	65,500	65,500	76,400	10,900
Entertainers	6,000	6,000	5,350	(650)
Liquor and beer	460,000	460,000	471,566	11,566
Restaurant	17,530	17,530	19,065	1,535
Gaming	3,650	3,650	4,500	850
Chauffeurs	1,500	1,500	1,750	250
Second hand dealers	900	900	755	(145)
Construction permits:				
Air conditioning and heating	260,000	260,000	316,785	56,785
Electrical	410,000	410,000	392,710	(17,290)
Building	1,030,000	1,030,000	1,154,380	124,380
Plumbing and gas	330,000	330,000	347,298	17,298
House moving	6,200	6,200	3,000	(3,200)
Fence	1,000	1,000	800	(200)
Special events	5,400	5,400	12,900	7,500
Alarm user	126,000	126,000	104,870	(21,130)
Sign permits	2,000	2,000	2,200	200
Other permits	630	630	7,800	7,170
Total licenses and permits	3,003,310	3,003,310	3,229,970	226,660
Intergovernmental revenues:				
State grants:				
Public safety:				
Traffic signal maintenance	487,200	537,280	537,280	--
Department of Military Affairs	65,600	65,600	87,988	22,388
Juvenile meal reimbursement	50,000	50,000	55,843	5,843
Transportation:				
Street maintenance	299,380	299,380	299,382	2

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT A - 7  
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES (continued)</b>				
Intergovernmental revenues (continued):				
State grants (continued):				
Culture and recreation:				
Hotel/motel sales tax	\$ 781,100	\$ 781,100	\$ 764,476	\$ (16,624)
Conservation and development:				
Department of Social Services	25,000	25,000	--	(25,000)
State shared revenues:				
Beer taxes	400,000	400,000	452,896	52,896
Insurance company taxes	524,860	524,860	565,730	40,870
Louisiana revenue sharing	1,035,350	1,035,350	1,032,159	(3,191)
Mineral royalties	100,000	100,000	81,431	(18,569)
Severance taxes	750,000	750,000	777,543	27,543
On-behalf payments for salaries and benefits	5,359,020	5,080,160	5,078,775	(1,385)
Payments in lieu of taxes:				
Federal government	--	--	887	887
Total intergovernmental revenues	<u>9,877,510</u>	<u>9,648,730</u>	<u>9,734,390</u>	<u>85,660</u>
Charges for services:				
General government:				
City court civil fees	1,135,000	1,135,000	1,497,179	362,179
Judiciary court costs	500,000	500,000	539,354	39,354
City court school fees	140,000	140,000	162,400	22,400
City court bench warrant fees	525,000	525,000	629,132	104,132
City court miscellaneous fees	252,000	252,000	257,404	5,404
City court credit card payment fees	16,000	16,000	25,000	9,000
City court expungement	40,000	40,000	20,880	(19,120)
City constable civil fees	500,000	500,000	596,522	96,522
Fiscal management fees	5,200,000	5,200,000	5,538,738	338,738
Fiscal management fees - inventory	32,000	32,000	43,842	11,842
Fiscal management fees - auction facility	80,500	43,683	43,683	--
Sales tax collection charges	1,596,000	1,596,000	1,813,509	217,509
Sales tax legal costs	--	--	11,042	11,042
Occupancy tax collection charges	6,000	6,000	6,000	--
NSF check fees	3,500	3,500	4,791	1,291
Advertising	11,000	11,000	10,447	(553)
Board of adjustment fees	6,500	6,500	6,830	330
Sale of construction codes and plans	18,000	18,000	22,104	4,104
Pre-trial diversion fees	250,000	250,000	312,717	62,717
Notice of intent	63,540	63,540	61,476	(2,064)
Adjudicated property	20,000	20,000	35,988	15,988
Zoning fees	80,000	80,000	92,988	12,988
Planning assistance	67,700	67,700	86,012	18,312
Planning advertising fees	20,000	20,000	27,250	7,250
Miscellaneous	10,150	10,150	22,726	12,576
Public safety:				
Subdivision inspection, testing and plan review	40,000	40,000	29,275	(10,725)
Flood determination fees	21,000	21,000	26,215	5,215
Commercial and residential plan review	220,000	220,000	267,754	47,754
Sale of reports and photos	250,000	250,000	251,595	1,595
Sobriety test	24,000	24,000	19,757	(4,243)
False alarm fees	85,000	85,000	64,010	(20,990)
Reimbursements for overtime	113,000	113,000	288,806	175,806
Radio shop charges	5,540	5,540	1,736	(3,804)

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT A - 7  
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES (continued)</b>				
Charges for services (continued):				
Public safety (continued):				
Prison medical charges	\$ 50,000	\$ 50,000	\$ 59,802	\$ 9,802
Juvenile services fees	1,600	1,600	1,615	15
Miscellaneous	4,400	4,400	3,936	(464)
Transportation:				
Parking meters	195,000	195,000	210,237	15,237
Sanitation:				
Solid waste user fees	7,130,500	7,130,500	7,172,296	41,796
Weed cutting charges	30,000	30,000	31,096	1,096
Culture and recreation:				
Summer programs:				
North Baton Rouge Community Center	--	16,000	15,669	(331)
Delmont Community Center	--	1,045	1,045	--
Riverfront docking fees	6,140	12,950	12,950	--
Conservation and development:				
Rent/utilities:				
Leo S. Butler Community Center	15,000	15,000	21,923	6,923
North Baton Rouge Community Center	--	4,953	45,180	40,227
Dr. Martin Luther King, Jr. Community Center	4,680	4,680	21,812	17,132
Chaneyville Community Center	500	500	5,536	5,036
Rent/donations:				
Delmont Community Center	8,060	8,060	12,651	4,591
Total charges for services	<u>18,777,310</u>	<u>18,769,301</u>	<u>20,432,910</u>	<u>1,663,609</u>
Fines and forfeits:				
City court criminal fines and forfeitures	250,000	250,000	239,384	(10,616)
City court forfeitures	120,000	128,300	188,222	59,922
City court traffic fines	1,000,000	1,000,000	1,016,124	16,124
Alcoholic Beverage Control Board fines	23,000	23,000	19,754	(3,246)
Total fines and forfeits	<u>1,393,000</u>	<u>1,401,300</u>	<u>1,463,484</u>	<u>62,184</u>
Investment earnings	<u>510,000</u>	<u>510,000</u>	<u>848,786</u>	<u>338,786</u>
Miscellaneous revenues:				
Rentals:				
Land	19,000	19,000	17,944	(1,056)
Buildings	140,380	140,380	142,672	2,292
Oil, gas and mineral royalties	60,000	60,000	110,513	50,513
Airport note	2,636,600	2,636,600	2,621,302	(15,298)
East Baton Rouge sewerage commission	6,904,980	6,904,980	6,905,108	128
Condemnations	50,000	50,000	74,294	24,294
Juvenile detention meals	3,000	3,000	2,063	(937)
Confiscated funds - police	130,000	235,008	239,901	4,893
Abandoned or impounded bicycles	6,000	6,000	2,906	(3,094)
Police - miscellaneous revenues	--	--	396,995	396,995
Juvenile detention reimbursement	135,000	135,000	84,647	(50,353)
Donations and Contributions	15,000	65,700	55,800	(9,900)
Other	18,100	43,363	159,917	116,554
Total miscellaneous revenues	<u>10,118,060</u>	<u>10,299,031</u>	<u>10,814,062</u>	<u>515,031</u>
Total revenues	<u>213,663,460</u>	<u>213,763,086</u>	<u>225,405,914</u>	<u>11,642,828</u>

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT A - 7  
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government:				
Metropolitan council	\$ 772,454	\$ 751,532	\$ 668,905	\$ 82,627
Council administrator	1,596,741	1,601,671	1,408,441	193,230
Council budget office	170,873	173,846	167,478	6,368
Parish attorney	5,778,655	6,183,128	6,149,696	33,432
Public information office	234,174	269,328	269,328	--
Planning commission	1,107,736	1,130,426	1,121,798	8,628
City court - administration	6,395,289	6,563,469	6,470,345	93,124
City constable	1,850,830	1,884,680	1,854,950	29,730
Justice of peace and ward constables	60,360	60,360	59,284	1,076
Sheriff - costs of court	176,000	242,232	242,227	5
Registrar of voters	529,032	532,717	523,678	9,039
Mayor - president	1,061,865	1,296,894	1,069,178	227,716
Finance	7,038,622	7,107,650	6,409,771	697,879
Collection of funds	1,868,010	2,007,650	1,962,422	45,228
Information services	2,436,209	2,345,402	2,345,397	5
Computerized systems	1,081,621	1,031,504	414,413	617,091
Purchasing	843,909	820,931	760,399	60,532
Human resources	2,915,144	2,978,225	2,841,076	137,149
Risk management	4,554,540	6,205,138	2,645,869	3,559,269
Municipal fire and police civil service board	50,720	51,580	51,392	188
Public works - administration, engineering, warehouse, citizen service center, and building maintenance	13,166,377	14,979,199	14,979,199	--
Capital area legal services	39,290	39,290	39,290	--
Municipal associations	96,930	96,930	91,991	4,939
Total general government	<u>53,825,381</u>	<u>58,353,782</u>	<u>52,546,527</u>	<u>5,807,255</u>
Public safety:				
Sheriff - correctional institution	4,337,430	4,276,843	4,257,868	18,975
Mayor-President's anti-drug task force	285,570	228,110	211,128	16,982
Police	51,855,585	52,897,809	51,867,698	1,030,111
Fire	32,693,553	32,890,156	32,844,002	46,154
Emergency medical services	3,328,575	3,312,014	2,979,197	332,817
Juvenile services	3,464,449	3,570,811	3,514,063	56,748
Emergency preparedness	297,874	313,661	312,078	1,583
Public works - inspection and traffic engineering	6,903,967	7,089,394	7,089,394	--
Demolition program	395,513	395,513	317,775	77,738
Crimestoppers	13,390	13,390	13,390	--
Other	--	2,326	--	2,326
Total public safety	<u>103,575,906</u>	<u>104,990,027</u>	<u>103,406,593</u>	<u>1,583,434</u>
Transportation:				
Public works - highway division	17,076,158	18,151,915	18,141,915	10,000
Street lighting	4,045,000	3,888,346	3,888,346	--
Federal urban system	--	150,000	--	150,000
Street maintenance	95,580	95,580	95,580	--
Total transportation	<u>21,216,738</u>	<u>22,285,841</u>	<u>22,125,841</u>	<u>160,000</u>
Sanitation:				
Public works - waste management	13,995,962	14,252,200	14,218,330	33,870

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT A - 7  
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (continued)</b>				
Current (continued):				
Health and welfare:				
Health unit	\$ 618,138	\$ 595,945	\$ 547,425	\$ 48,520
Council on Aging projects	661,050	661,050	661,050	--
Crisis Care Center	185,050	185,050	185,086	(36)
Baton Rouge Area Alcohol and Drug Center	161,710	161,710	161,710	--
O'Brien House	17,020	17,020	17,020	--
Abounding Love Ministries, Incorporated	--	5,000	--	5,000
Hidden Treasure Prison Fellowship, Inc.	--	5,000	--	5,000
Working to Achieve	--	5,000	--	5,000
Total health and welfare	<u>1,642,968</u>	<u>1,635,775</u>	<u>1,572,291</u>	<u>63,484</u>
Culture and recreation:				
Community Centers Summer Programs	4,260	20,260	14,459	5,801
Louisiana Arts and Science Museum	591,240	666,240	666,240	--
Arts Council of Greater Baton Rouge	131,550	131,550	131,550	--
Baton Rouge Symphony Association	91,060	91,060	91,060	--
U.S.S. Kidd	128,400	135,210	135,160	50
Baton Rouge Center for World Affairs	84,920	84,920	84,920	--
Total culture and recreation	<u>1,031,430</u>	<u>1,129,240</u>	<u>1,123,389</u>	<u>5,851</u>
Conservation and development:				
Economic Development Program	306,713	326,968	88,569	238,399
Urban Restoration Projects	475,446	484,446	45,697	438,749
Community centers	1,001,515	1,051,978	971,635	80,343
Human Development and Services	567,978	557,387	557,383	4
Earth Day	22,990	22,990	22,990	--
Cooperative Extension Service	55,850	55,850	52,265	3,585
Veterans Service Office	45,640	45,640	45,634	6
Big Buddy Program	58,210	58,210	58,210	--
Greater Baton Rouge Food Bank	22,320	22,320	22,320	--
Can Do	127,720	137,720	124,955	12,765
Total conservation and development	<u>2,684,382</u>	<u>2,763,509</u>	<u>1,989,658</u>	<u>773,851</u>
Capital outlay	<u>3,642,014</u>	<u>1,870,661</u>	<u>--</u>	<u>1,870,661</u>
Intergovernmental expenditures:				
Equivalent three mills on industrial area assessment	95,430	99,230	95,953	3,277
District Attorney of the Nineteenth Judicial District	3,287,980	3,637,980	3,637,980	--
Nineteenth Judicial District Court	4,075,070	4,275,070	4,274,852	218
E.B.R. Parish Family Court	670,200	670,200	668,557	1,643
E.B.R. Parish Juvenile Court	774,429	806,207	801,517	4,690
Nineteenth Judicial District Indigent Defender Board	198,410	200,106	200,106	--
E.B.R. Parish Clerk of Court	1,027,040	729,460	712,535	16,925
E.B.R. Parish Coroner	680,960	736,724	736,724	--
Brownsfield Fire Protection District	17,050	17,050	17,050	--
Central Fire Protection District	36,820	36,820	36,820	--
E.B.R. Parish Fire Protection District No. 6	68,990	68,990	68,990	--
Eastside Fire Protection District	32,740	32,740	32,740	--
Pride Fire Protection District	11,120	12,283	12,283	--

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT A - 7  
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (continued)</b>				
Intergovernmental expenditures (continued):				
Chaneyville Fire Protection District	\$ 22,230	\$ 23,393	\$ 23,393	\$ --
Alsen-St. Irma Lee Fire Protection District	25,750	25,750	25,750	--
Capital Region Planning Commission	49,250	49,250	49,250	--
Capital Area Transit System	1,042,980	1,267,100	1,267,100	--
Total intergovernmental expenditures	<u>12,116,449</u>	<u>12,688,353</u>	<u>12,661,600</u>	<u>26,753</u>
 Total expenditures	 <u>213,731,230</u>	 <u>219,969,388</u>	 <u>209,644,229</u>	 <u>10,325,159</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(67,770)</u>	 <u>(6,206,302)</u>	 <u>15,761,685</u>	 <u>21,967,987</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Emergency Medical Services	--	125,000	125,000	--
Consolidated Garbage Service District No. 1	1,133,010	1,133,010	1,133,010	--
State and Local Government Securities				
Debt Service Fund	1,014,480	1,014,480	1,014,482	2
Total transfers in	<u>2,147,490</u>	<u>2,272,490</u>	<u>2,272,492</u>	<u>2</u>
Transfers out:				
Juror Compensation Fund	--	(86,660)	(86,660)	--
Downtown Development District	--	(18,221)	(18,221)	--
Animal Control Center Fund	(575,420)	(624,712)	(624,712)	--
Grants Fund	(43,197)	(205,386)	(205,386)	--
Taxable Refunding Bonds Fund	(5,243,280)	(5,243,280)	(5,242,265)	1,015
Excess Revenue and Limited Tax Fund	(407,150)	(377,150)	(375,508)	1,642
Capital Projects Fund	(3,436,740)	(9,032,669)	(9,032,669)	--
Baton Rouge River Center	(700,000)	(1,122,000)	(1,122,000)	--
Greater Baton Rouge Parking Authority	(352,730)	(557,730)	(557,730)	--
Comprehensive Sewerage System Fund	(4,000,000)	(4,000,000)	(4,000,000)	--
Solid Waste Disposal Facility Fund	--	(1,854,600)	(1,854,600)	--
Greater Baton Rouge Airport Fund	--	(646,629)	(646,629)	--
Total transfers out	<u>(14,758,517)</u>	<u>(23,769,037)</u>	<u>(23,766,380)</u>	<u>2,657</u>
Proceeds of capital asset disposition	<u>160,000</u>	<u>169,500</u>	<u>796,561</u>	<u>627,061</u>
Total other financing sources and uses	<u>(12,451,027)</u>	<u>(21,327,047)</u>	<u>(20,697,327)</u>	<u>629,720</u>
Net change in fund balances	<u>(12,518,797)</u>	<u>(27,533,349)</u>	<u>(4,935,642)</u>	<u>22,597,707</u>
Fund balances, January 1	<u>71,578,833</u>	<u>71,578,833</u>	<u>71,578,833</u>	<u>--</u>
Fund balances, December 31	<u>\$ 59,060,036</u>	<u>\$ 44,045,484</u>	<u>\$ 66,643,191</u>	<u>\$ 22,597,707</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2004**

EXHIBIT A - 8

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Greater Baton Rouge Airport District	Comprehensive Sewerage System	Other Enterprise Total	Total	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ --	\$ 62,261,504	\$ 7,301,758	\$ 69,563,262	\$ 7,867,485
Investments	--	115,628,508	11,042,395	126,670,903	--
Sales taxes receivable	--	3,300,433	--	3,300,433	--
Accounts receivable - net	220,226	4,625,581	1,581,605	6,427,412	--
Accrued interest receivable	3,695	825,392	43,273	872,360	18,388
Special assessments receivable	--	129,077	--	129,077	--
Due from other governments (Note 11)	8,274,726	136,620	1,405,605	9,816,951	--
Prepaid items	--	--	11,961	11,961	--
Inventory	--	--	--	--	198,909
Total current assets	<u>8,498,647</u>	<u>186,907,115</u>	<u>21,386,597</u>	<u>216,792,359</u>	<u>8,084,782</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	633,548	8,729,065	646,331	10,008,944	--
Investments	--	47,055,665	1,305,540	48,361,205	--
Accounts receivable - net	481,490	--	--	481,490	--
Accrued interest receivable	1,859	95,563	7,146	104,568	--
Total restricted assets	<u>1,116,897</u>	<u>55,880,293</u>	<u>1,959,017</u>	<u>58,956,207</u>	<u>--</u>
Deferred bond issuance costs	--	1,119,728	--	1,119,728	--
Capital assets (Note 6):					
Land	51,116,397	9,347,076	10,965,525	71,428,998	47,568
Buildings	76,702,932	--	75,027,960	151,730,892	2,213,798
Improvements (other than buildings)	100,238,086	589,071,351	33,089,440	722,398,877	7,190
Equipment	2,624,710	8,113,495	1,451,876	12,190,081	21,186,497
Construction work in progress	1,014,711	21,735,102	951,449	23,701,262	--
Total capital assets	<u>231,696,836</u>	<u>628,267,024</u>	<u>121,486,250</u>	<u>981,450,110</u>	<u>23,455,053</u>
Accumulated depreciation	<u>(48,492,992)</u>	<u>(250,320,382)</u>	<u>(44,177,586)</u>	<u>(342,990,960)</u>	<u>(17,461,660)</u>
Net capital assets	<u>183,203,844</u>	<u>377,946,642</u>	<u>77,308,664</u>	<u>638,459,150</u>	<u>5,993,393</u>
Total assets	<u>192,819,388</u>	<u>621,853,778</u>	<u>100,654,278</u>	<u>915,327,444</u>	<u>14,078,175</u>

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2004**

EXHIBIT A - 8  
(Continued)

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Greater Baton Rouge Airport District	Comprehensive Sewerage System	Other Enterprise Total	Total	
<b>LIABILITIES</b>					
Current liabilities:					
Accounts and contracts payable	\$ 6,423,952	\$ 5,260,214	\$ 3,565,868	\$ 15,250,034	\$ 398,312
Due to other funds (Note 11)	9,255,964	--	--	9,255,964	--
Accrued salaries payable	71,522	251,645	42,978	366,145	41,923
Accrued interest payable	--	4,658,703	98	4,658,801	--
Deferred revenue	--	129,447	425,645	555,092	--
Obligations payable (Note 10)	1,886,306	4,095,228	--	5,981,534	--
Bonds payable (Note 10)	220,100	9,380,000	26,000	9,626,100	--
Compensated absences payable	223,353	995,952	76,050	1,295,355	164,423
Total current liabilities	<u>18,081,197</u>	<u>24,771,189</u>	<u>4,136,639</u>	<u>46,989,025</u>	<u>604,658</u>
Noncurrent liabilities:					
Obligations payable (Note 10)	4,764,167	30,250,346	--	35,014,513	--
Bonds payable (Note 10)	10,981,415	228,227,012	509,243	239,717,670	--
Net deferred amount on refunding and premiums (Note 10)	--	(1,490,408)	--	(1,490,408)	--
Landfill closure and postclosure care liability (Note 17)	--	--	12,164,565	12,164,565	--
Total noncurrent liabilities	<u>15,745,582</u>	<u>256,986,950</u>	<u>12,673,808</u>	<u>285,406,340</u>	<u>--</u>
Total liabilities	<u>33,826,779</u>	<u>281,758,139</u>	<u>16,810,447</u>	<u>332,395,365</u>	<u>604,658</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	165,351,856	140,075,045	76,773,421	382,200,322	5,993,393
Restricted for capital projects	--	--	38,222	38,222	--
Restricted for debt service	831,625	30,262,815	--	31,094,440	--
Restricted Passenger Facility Charges	723,713	--	--	723,713	--
Unrestricted	(7,914,585)	169,757,779	7,032,188	168,875,382	7,480,124
Total net assets	<u>\$ 158,992,609</u>	<u>\$ 340,095,639</u>	<u>\$ 83,843,831</u>	<u>\$ 582,932,079</u>	<u>\$ 13,473,517</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT A - 9

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Greater Baton Rouge Airport District	Comprehensive Sewerage System	Other Enterprise Total	Total	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 8,359,582	\$ 52,693,539	\$ 10,382,828	\$ 71,435,949	\$ 13,028,010
Miscellaneous revenues	311,944	117,237	84,280	513,461	--
Total operating revenues	<u>8,671,526</u>	<u>52,810,776</u>	<u>10,467,108</u>	<u>71,949,410</u>	<u>13,028,010</u>
<b>OPERATING EXPENSES</b>					
Personal services	2,807,002	10,671,190	1,524,424	15,002,616	1,325,136
Employee benefits	960,994	3,646,823	432,808	5,040,625	502,480
Supplies	278,489	2,115,049	244,291	2,637,829	199,881
Contractual services	3,184,439	16,750,928	9,416,746	29,352,113	3,008,940
Landfill closure and postclosure care expense	--	--	1,107,014	1,107,014	--
Cost of materials	--	--	--	--	5,596,631
Depreciation	5,734,056	26,884,744	2,662,894	35,281,694	2,869,977
Bad debts	--	422,707	22,878	445,585	--
Management fee	--	--	208,008	208,008	--
Total operating expenses	<u>12,964,980</u>	<u>60,491,441</u>	<u>15,619,063</u>	<u>89,075,484</u>	<u>13,503,045</u>
Operating income (loss)	<u>(4,293,454)</u>	<u>(7,680,665)</u>	<u>(5,151,955)</u>	<u>(17,126,074)</u>	<u>(475,035)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Taxes pledged as securities for revenue bonds	--	31,161,368	--	31,161,368	--
Operating grants	3,081	--	76,340	79,421	--
Passenger facility charges (Note 16)	1,138,722	--	--	1,138,722	--
Customer facility charges	962,556	--	--	962,556	--
Investment earnings	(124,047)	3,480,101	273,927	3,629,981	101,019
Interest expense	(596,098)	(14,074,068)	(4,118)	(14,674,284)	--
Bond issuance costs	--	(368,462)	--	(368,462)	--
Gain (loss) on disposition of capital assets	(16,866)	145,781	155	129,070	429,534
Total nonoperating revenues (expenses)	<u>1,367,348</u>	<u>20,344,720</u>	<u>346,304</u>	<u>22,058,372</u>	<u>530,553</u>
Income (loss) before contributions and transfers	<u>(2,926,106)</u>	<u>12,664,055</u>	<u>(4,805,651)</u>	<u>4,932,298</u>	<u>55,518</u>
Capital contributions	22,318,421	23,051,239	6,689,060	52,058,720	--
Transfers in	646,629	4,000,000	11,123,103	15,769,732	--
Change in net assets	20,038,944	39,715,294	13,006,512	72,760,750	55,518
Total net assets - January 1, restated	<u>138,953,665</u>	<u>300,380,345</u>	<u>70,837,319</u>	<u>510,171,329</u>	<u>13,417,999</u>
Total net assets - December 31	<u>\$ 158,992,609</u>	<u>\$ 340,095,639</u>	<u>\$ 83,843,831</u>	<u>\$ 582,932,079</u>	<u>\$ 13,473,517</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT A - 10

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities Internal Service Funds</b>
	<b>Greater Baton Rouge Airport District</b>	<b>Comprehensive Sewerage System</b>	<b>Other Enterprise Total</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers	\$ 8,543,935	\$ 51,393,425	\$ 10,214,600	\$ 70,151,960	\$ 13,028,010
Payments to suppliers for goods and services	(3,365,064)	(19,604,225)	(9,989,367)	(32,958,656)	(8,887,354)
Payments to employees for services and benefits	(3,780,451)	(14,409,576)	(1,948,323)	(20,138,350)	(1,867,420)
Other operating revenues	--	117,237	--	117,237	--
Net cash provided by (used for) operating activities	<u>1,398,420</u>	<u>17,496,861</u>	<u>(1,723,090)</u>	<u>17,172,191</u>	<u>2,273,236</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Receipts from general property taxes	--	939	--	939	--
Receipts from general sales and use taxes	--	30,902,232	--	30,902,232	--
Operating grants received	3,081	49,334	76,340	128,755	--
Transfers in from other funds	646,629	4,000,000	5,279,730	9,926,359	--
Loans from other funds	9,231,756	--	--	9,231,756	--
Repayment of loans to other funds	(11,375,901)	--	--	(11,375,901)	--
Net cash provided by (used for) noncapital financing activities	<u>(1,494,435)</u>	<u>34,952,505</u>	<u>5,356,070</u>	<u>38,814,140</u>	<u>--</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from sale of debt	4,565,313	26,798,531	539,743	31,903,587	--
Proceeds from capital grants	19,783,937	868,481	--	20,652,418	--
Proceeds from sale of capital assets	22,800	154,150	2,275	179,225	432,264
Passenger facility charges	1,000,956	--	--	1,000,956	--
Customer facility charges	921,557	--	--	921,557	--
Acquisition and construction of capital assets	(22,433,055)	(21,860,427)	(11,413,675)	(55,707,157)	(2,965,234)
Principal paid on bonds, obligations and capital leases	(2,393,732)	(12,506,221)	(4,500)	(14,904,453)	--
Interest paid on bonds, obligations and capital leases	(618,541)	(16,107,294)	(4,118)	(16,729,953)	--
Payment made to Refunding Bonds Escrow Agent	--	(26,506,508)	--	(26,506,508)	--
Capital contributed by other governments	--	--	7,839,187	7,839,187	--
Capital contributed from impact fees	--	4,395,150	--	4,395,150	--
Net cash provided by (used for) capital and related financing activities	<u>849,235</u>	<u>(44,764,138)</u>	<u>(3,041,088)</u>	<u>(46,955,991)</u>	<u>(2,532,970)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchase of investments	--	(162,684,173)	(12,347,935)	(175,032,108)	--
Proceeds from sales and maturities of investments	--	132,526,714	6,250,992	138,777,706	--
Interest received on investments	(119,672)	3,167,271	248,979	3,296,578	92,068
Net cash provided by (used for) investing activities	<u>(119,672)</u>	<u>(26,990,188)</u>	<u>(5,847,964)</u>	<u>(32,957,824)</u>	<u>92,068</u>

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT A - 10  
(Continued)

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities Internal Service Funds</b>
	<b>Greater Baton Rouge Airport District</b>	<b>Comprehensive Sewerage System</b>	<b>Other Enterprise Total</b>	<b>Total</b>	
Net increase (decrease) in cash and cash equivalents (Note 1)	\$ 633,548	\$ (19,304,960)	\$ (5,256,072)	\$ (23,927,484)	\$ (167,666)
Cash and cash equivalents, January 1	--	90,295,529	13,204,161	103,499,690	8,035,151
Cash and cash equivalents, December 31	<u>\$ 633,548</u>	<u>\$ 70,990,569</u>	<u>\$ 7,948,089</u>	<u>\$ 79,572,206</u>	<u>\$ 7,867,485</u>
Classified as:					
Current assets	\$ --	\$ 62,261,504	\$ 7,301,758	\$ 69,563,262	\$ 7,867,485
Restricted assets	633,548	8,729,065	646,331	10,008,944	--
Totals	<u>\$ 633,548</u>	<u>\$ 70,990,569</u>	<u>\$ 7,948,089</u>	<u>\$ 79,572,206</u>	<u>\$ 7,867,485</u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities:</b>					
Operating income (loss)	\$ (4,293,454)	\$ (7,680,665)	\$ (5,151,955)	\$ (17,126,074)	\$ (475,035)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	5,734,056	26,884,744	2,662,894	35,281,694	2,869,977
Landfill closure and postclosure care expense	--	--	1,107,014	1,107,014	--
Increase (decrease) in compensated absences payable	57,282	180,690	(672)	237,300	(11,709)
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(127,591)	(874,019)	(170,954)	(1,172,564)	2,149
Decrease (increase) in prepaid items	--	--	(19,979)	(19,979)	--
Decrease (increase) in inventory	--	--	--	--	(7,653)
Increase (decrease) in accounts and contracts payable	97,864	(741,636)	(77,635)	(721,407)	(76,398)
Increase (decrease) in accrued salaries payable	(69,737)	(272,253)	9,581	(332,409)	(28,095)
Increase (decrease) in deferred revenue	--	--	(81,384)	(81,384)	--
Total adjustments	<u>5,691,874</u>	<u>25,177,526</u>	<u>3,428,865</u>	<u>34,298,265</u>	<u>2,748,271</u>
Net cash provided by (used for) operating activities	<u>\$ 1,398,420</u>	<u>\$ 17,496,861</u>	<u>\$ (1,723,090)</u>	<u>\$ 17,172,191</u>	<u>\$ 2,273,236</u>
<b>Non cash investing, capital, and financing activities:</b>					
Gain in fair value of investments	\$ 5,554	\$ 920,955	\$ 50,419	\$ 976,928	\$ 18,388
Capital assets contributed from other funds	--	--	5,843,373	5,843,373	--
Loss on disposal of capital assets	--	(8,369)	(2,120)	(10,489)	(2,730)

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2004**

EXHIBIT A - 11

	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 12,667,163
Receivables:	
<i>Employee contributions</i>	1,564,116
Employer contributions	724,180
Interest and dividends	1,371,830
Pending trades	9,911,753
Other contributions	554,384
Total receivables	<u>14,126,263</u>
Investments, at fair value	
U.S. government obligations	62,956,028
Bonds - domestic	79,358,235
Bonds - enhanced index fund	143,024,861
Equity securities - domestic	444,373,914
Equity securities - international	170,334,186
Total investments	<u>900,047,224</u>
Capital assets:	
Land	550,628
Buildings	697,496
Equipment	153,359
Accumulated depreciation	(671,725)
Total capital assets	<u>729,758</u>
Total assets	<u>927,570,408</u>
<b>LIABILITIES</b>	
Accrued expenses and benefits payable	1,466,069
Pending Trade Payables	<u>20,207,777</u>
Total liabilities	<u>21,673,846</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 905,896,562</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT A - 12

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employee	\$ 10,329,469
Employer	17,823,126
Severance contributions from employee	874,255
Total contributions	<u>29,026,850</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	87,635,290
Interest	6,004,406
Dividends	2,191,373
Total investment income	<u>95,831,069</u>
Less: investment expense	<u>1,917,435</u>
Net investment income	<u>93,913,634</u>
Total additions	<u>122,940,484</u>
<b>DEDUCTIONS</b>	
Benefit payments	54,561,270
Refunds and withdrawals	1,433,709
Administrative expenses	1,036,853
Total deductions	<u>57,031,832</u>
Change in net assets	65,908,652
Net assets - beginning of year	<u>839,987,910</u>
Net assets - end of year	<u>\$ 905,896,562</u>

The accompanying notes are an integral part of this statement.



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
 COMBINING STATEMENT OF NET ASSETS  
 ALL DISCRETELY PRESENTED COMPONENT UNITS  
 DECEMBER 31, 2004**

	Governmental Fund Types		
	District Attorney of the Nineteenth Judicial District	Nineteenth Judicial District Court (1)	E.B.R. Parish Family Court
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,895,374	\$ 399,764	\$ 300,117
Investments	--	--	--
Property taxes receivable - net (Note 4)	--	--	--
Accounts receivable	115,983	92,873	--
Accrued interest receivable	--	--	--
Due from other governments	--	210,740	--
Due from primary government (Note 11)	--	--	--
Prepaid items	--	--	--
Inventory	--	--	--
Net pension asset	--	--	--
Other assets	--	--	--
Restricted assets:			
Cash and cash equivalents	--	--	--
Capital assets:			
Land	--	--	--
Buildings	--	--	--
Equipment	1,580,229	861,062	304,095
Equipment under capital leases	--	--	--
Construction work-in-progress	--	--	--
Accumulated depreciation	<u>(1,319,477)</u>	<u>(631,737)</u>	<u>(257,318)</u>
Total assets	<u>\$ 3,272,109</u>	<u>\$ 932,702</u>	<u>\$ 346,894</u>

- (1) As of June 30, 2004  
 (2) As of September 30, 2004

The accompanying notes are an integral part of this statement.

Continued

## Governmental Fund Types

E.B.R. Parish Juvenile Court	Nineteenth Judicial District Indigent Defender Board	E.B.R. Parish Clerk of Court (1)	E.B.R. Parish Coroner	St. George Fire Protection District (2)	Brownsfield Fire Protection District
\$ 351,757	\$ 285,873	\$ 5,442,185	\$ 55	\$ 787,988	\$ --
201,193	--	740,000	--	--	--
--	--	--	--	49,406	60,949
1,470	202,037	625,013	32,304	2,024	--
--	--	--	--	--	--
113,922	--	--	--	--	288,413
--	6,702	--	--	--	--
--	9,066	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	20,332	--	17,340	--
--	--	--	--	--	--
--	--	--	--	289,531	18,592
--	--	--	--	1,332,493	91,523
374,432	141,165	5,984,158	189,367	3,621,664	313,193
--	--	--	--	--	--
--	--	--	--	587,955	--
(311,300)	(103,687)	(2,674,790)	(112,660)	(2,460,596)	(303,523)
\$ 731,474	\$ 541,156	\$ 10,136,898	\$ 109,066	\$ 4,227,805	\$ 469,147

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
 COMBINING STATEMENT OF NET ASSETS  
 ALL DISCRETELY PRESENTED COMPONENT UNITS  
 DECEMBER 31, 2004**

Governmental Fund Types

	Central Fire Protection District	E.B.R. Parish Fire Protection District No. 6	Eastside Fire Protection District
<b>ASSETS</b>			
Cash and cash equivalents	\$ 435,458	\$ 154,981	\$ 79,128
Investments	--	--	--
Property taxes receivable - net (Note 4)	342,483	145,963	110,001
Accounts receivable	117,884	42,068	--
Accrued interest receivable	--	--	--
Due from other governments	1,290,799	570,587	611,198
Due from primary government (Note 11)	--	--	--
Prepaid items	--	--	--
Inventory	--	--	--
Net pension asset	--	--	--
Other assets	--	--	--
Restricted assets:			
Cash and cash equivalents	--	--	--
Capital assets:			
Land	264,018	43,000	151,360
Buildings	922,077	456,930	1,522,429
Equipment	1,888,237	637,146	1,257,682
Equipment under capital leases	--	534,526	143,143
Construction work-in-progress	--	--	--
Accumulated depreciation	(1,352,917)	(813,760)	(969,569)
Total assets	<u>\$ 3,908,039</u>	<u>\$ 1,771,441</u>	<u>\$ 2,905,372</u>

- (1) As of June 30, 2004  
 (2) As of September 30, 2004

The accompanying notes are an integral part of this statement.

Continued

Governmental Fund Types				Proprietary Fund Type	
Pride Fire Protection District	Chaneyville Fire Protection District	Alsen-St. Irma Lee Fire Protection District	Capital Region Planning Commission (1)	Capital Area Transit System	Totals
\$ 64,235	\$ --	\$ 29,918	\$ 163,682	\$ 19,808	\$ 11,410,323
--	--	--	330,918	--	1,272,111
--	--	69,528	--	--	778,330
--	--	--	3,547	47,874	1,283,077
236	--	120	--	--	356
24,662	38,313	140,044	101,322	494,559	3,884,559
--	--	--	--	--	6,702
--	--	--	--	3,492	12,558
--	--	--	--	354,667	354,667
--	--	--	--	1,168,484	1,168,484
--	--	--	--	--	37,672
--	--	--	--	251,688	251,688
15,000	--	9,000	--	--	790,501
135,353	109,334	256,496	--	--	4,826,635
215,946	221,984	210,824	383,552	20,709,770	38,894,506
--	--	256,663	--	--	934,332
--	--	--	--	--	587,955
(187,470)	(310,602)	(439,803)	(327,132)	(8,201,191)	(20,777,532)
\$ 267,962	\$ 59,029	\$ 532,790	\$ 655,889	\$ 14,849,151	\$ 45,716,924

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
 COMBINING STATEMENT OF NET ASSETS  
 ALL DISCRETELY PRESENTED COMPONENT UNITS  
 DECEMBER 31, 2004**

	Governmental Fund Types		
	District Attorney of the Nineteenth Judicial District	Nineteenth Judicial District Court (1)	E.B.R. Parish Family Court
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	\$ 67,496	\$ 88,438	\$ --
Due to other governments	--	266,750	--
Due to primary government (Note 11)	60,926	--	--
Accrued payables	104,754	61,368	--
Other liabilities	176,592	--	--
Non-current liabilities:			
Due within one year	--	--	--
Due in more than one year:			
Bonds and notes payable	--	--	--
Compensated absences payable	--	620,496	64,025
Obligation under capital leases (Note 10)	--	--	--
Claims and judgments payable	--	--	--
Other long-term liabilities	--	--	--
	409,768	1,037,052	64,025
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	260,752	229,325	46,777
Restricted for:			
Other purposes	--	--	--
Unrestricted	2,601,589	(333,675)	236,092
Total net assets	\$ 2,862,341	\$ (104,350)	\$ 282,869

(1) As of June 30, 2004  
 (2) As of September 30, 2004

The accompanying notes are an integral part of this statement.

Continued

Governmental Fund Types

E.B.R. Parish Juvenile Court	Nineteenth Judicial District Indigent Defender Board	E.B.R. Parish Clerk of Court (1)	E.B.R. Parish Coroner	St. George Fire Protection District (2)	Brownsfield Fire Protection District
\$ 13,961	\$ 629,813	\$ 276,723	\$ 17,997	\$ 24,360	\$ 12,196
--	--	--	--	516,885	--
--	--	--	--	--	173,750
--	--	414,124	--	29,932	--
--	--	--	--	64,137	--
--	--	--	--	1,384,084	1,621
--	--	--	--	1,428,590	--
140,254	--	423,526	1,594	45,074	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>154,215</u>	<u>629,813</u>	<u>1,114,373</u>	<u>19,591</u>	<u>3,493,062</u>	<u>187,567</u>
63,132	37,478	3,309,368	76,707	1,738,373	119,785
57,144	89,199	--	--	--	--
456,983	(215,334)	5,713,157	12,768	(1,003,630)	161,795
<u>\$ 577,259</u>	<u>\$ (88,657)</u>	<u>\$ 9,022,525</u>	<u>\$ 89,475</u>	<u>\$ 734,743</u>	<u>\$ 281,580</u>

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
COMBINING STATEMENT OF NET ASSETS  
ALL DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 2004**

	Governmental Fund Types		
	Central Fire Protection District	E.B.R. Parish Fire Protection District No. 6	Eastside Fire Protection District
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	\$ 57,345	\$ 43,755	\$ --
Due to other governments	--	--	--
Due to primary government (Note 11)	--	--	--
Accrued payables	81,484	--	52,516
Other liabilities	--	--	--
Non-current liabilities:			
Due within one year	55,556	52,540	169,040
Due in more than one year:			
Bonds and notes payable	444,444	--	300,000
Compensated absences payable	85,965	1,623	102,475
Obligation under capital leases (Note 10)	--	188,238	70,753
Claims and judgments payable	--	--	--
Other long-term liabilities	--	--	--
Total liabilities	<u>724,794</u>	<u>286,156</u>	<u>694,784</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,721,414	617,064	1,565,252
Restricted for:			
Other purposes	208,972	--	--
Unrestricted	<u>1,252,859</u>	<u>868,221</u>	<u>645,336</u>
Total net assets	<u>\$ 3,183,245</u>	<u>\$ 1,485,285</u>	<u>\$ 2,210,588</u>

- (1) As of June 30, 2004  
(2) As of September 30, 2004

The accompanying notes are an integral part of this statement.

Governmental Fund Types				Proprietary Fund Type	
Pride Fire Protection District	Chaneyville Fire Protection District	Alsen-St. Irma Lee Fire Protection District	Capital Region Planning Commission (1)	Capital Area Transit System	Totals
\$ 889	\$ 3,023	\$ 4,494	\$ 55,942	\$ 1,033,589	\$ 2,330,021
--	--	--	--	--	783,635
--	5,273	--	--	--	239,949
--	--	--	--	934,565	1,678,743
--	22,942	30,391	26,333	239,597	559,992
--	--	46,296	--	--	1,709,137
--	--	--	--	--	2,173,034
--	--	--	46,963	262,924	1,794,919
--	--	15,560	--	7,393,590	7,668,141
--	--	--	--	1,099,112	1,099,112
--	--	--	--	81,106	81,106
<u>889</u>	<u>31,238</u>	<u>96,741</u>	<u>129,238</u>	<u>11,044,483</u>	<u>20,117,789</u>
178,829	20,716	277,620	56,420	4,591,025	14,910,037
--	--	--	--	104,108	459,423
<u>88,244</u>	<u>7,075</u>	<u>158,429</u>	<u>470,231</u>	<u>(890,465)</u>	<u>10,229,675</u>
<u>\$ 267,073</u>	<u>\$ 27,791</u>	<u>\$ 436,049</u>	<u>\$ 526,651</u>	<u>\$ 3,804,668</u>	<u>\$ 25,599,135</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
 COMBINING STATEMENT OF ACTIVITIES  
 ALL DISCRETELY PRESENTED COMPONENT UNITS  
 FOR THE YEAR ENDED DECEMBER 31, 2004**

	Judicial Court Services			
	District Attorney of the Nineteenth Judicial District	Nineteenth Judicial District Court (1)	E.B.R. Parish Family Court	E.B.R. Parish Juvenile Court
<b>EXPENSES</b>	\$ 7,174,833	\$ 9,311,108	\$ 1,268,242	\$ 1,538,022
<b>PROGRAM REVENUES:</b>				
Charges for services	1,875,959	2,171,174	94,599	430,620
Operating grants and contributions	5,718,029	6,169,774	1,168,896	1,082,856
Capital grants and contributions	--	--	--	--
Net program (expenses) revenue	<u>419,155</u>	<u>(970,160)</u>	<u>(4,747)</u>	<u>(24,546)</u>
<b>GENERAL REVENUES:</b>				
Taxes:				
Property	--	--	--	--
Occupancy	--	--	--	--
Grants and contributions not restricted to specific programs	6,080	694,294	--	6,762
Investment earnings	35,666	8,115	1,732	9,016
Gain (loss) on sale of capital assets	--	--	--	--
Total general revenues	<u>41,746</u>	<u>702,409</u>	<u>1,732</u>	<u>15,778</u>
Change in net assets	460,901	(267,751)	(3,015)	(8,768)
Net assets, beginning, restated	<u>2,401,440</u>	<u>163,401</u>	<u>285,884</u>	<u>586,027</u>
Net assets, ending	<u>\$ 2,862,341</u>	<u>\$ (104,350)</u>	<u>\$ 282,869</u>	<u>\$ 577,259</u>

(1) Period ending June 30, 2004

(2) Period ending September 30, 2004

The accompanying notes are an integral part of this statement.

Continued

Judicial Court Services			Coroner	Fire Protection Districts	
Nineteenth Judicial District Indigent Defender Board	E.B.R. Parish Clerk of Court (1)	Total Judicial Court Services	E.B.R. Parish Coroner	St. George Fire Protection District (2)	Brownsfield Fire Protection District
\$ 2,638,649	\$ 12,608,794	\$ 34,539,648	\$ 905,919	\$ 8,337,740	\$ 557,450
2,047,799	12,611,734	19,231,885	169,763	886,486	108,129
527,165	712,535	15,379,255	738,775	305,250	10,800
--	--	--	--	--	--
(63,685)	715,475	71,492	2,619	(7,146,004)	(438,521)
--	--	--	--	6,654,644	328,520
--	--	--	--	--	--
--	274,832	981,968	--	441,626	94,929
5,215	305,149	364,893	--	35,677	--
--	--	--	--	--	1,600
5,215	579,981	1,346,861	--	7,131,947	425,049
(58,470)	1,295,456	1,418,353	2,619	(14,057)	(13,472)
(30,187)	7,727,069	11,133,634	86,856	748,800	295,052
\$ (88,657)	\$ 9,022,525	\$ 12,551,987	\$ 89,475	\$ 734,743	\$ 281,580

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
 COMBINING STATEMENT OF ACTIVITIES  
 ALL DISCRETELY PRESENTED COMPONENT UNITS  
 FOR THE YEAR ENDED DECEMBER 31, 2004**

	Fire Protection Districts			
	Central Fire Protection District	E.B.R. Parish Fire Protection District No. 6	Eastside Fire Protection District	Pride Fire Protection District
<b>EXPENSES</b>	\$ 1,383,729	\$ 1,059,832	\$ 875,154	\$ 90,292
<b>PROGRAM REVENUES:</b>				
Charges for services	335,514	236,303	271,164	35,284
Operating grants and contributions	102,666	--	7,200	11,525
Capital grants and contributions	--	--	--	--
Net program (expenses) revenue	<u>(945,549)</u>	<u>(823,529)</u>	<u>(596,790)</u>	<u>(43,483)</u>
<b>GENERAL REVENUES:</b>				
Taxes:				
Property	1,062,545	668,648	722,311	--
Occupancy	--	--	--	--
Grants and contributions not restricted to specific programs	358,042	235,554	32,740	22,727
Investment earnings	10,152	7,667	4,988	1,285
Gain on sale of capital assets	--	--	--	215
Total general revenues	<u>1,430,739</u>	<u>911,869</u>	<u>760,039</u>	<u>24,227</u>
Change in net assets	485,190	88,340	163,249	(19,256)
Net assets, beginning, restated	<u>2,698,055</u>	<u>1,396,945</u>	<u>2,047,339</u>	<u>286,329</u>
Net assets, ending	<u>\$ 3,183,245</u>	<u>\$ 1,485,285</u>	<u>\$ 2,210,588</u>	<u>\$ 267,073</u>

- (1) Period ending June 30, 2004  
 (2) Period ending September 30, 2004

The accompanying notes are an integral part of this statement.

Fire Protection Districts			Mass Transit			
Chaneyville Fire Protection District	Alsen- St. Irma Lee Fire Protection District	Total Fire Protection Districts	Capital Region Planning Commission (1)	Capital Area Transit System	Total Mass Transit	Total All Component Units
\$ 157,045	\$ 316,670	\$ 12,777,912	\$ 1,126,038	\$ 12,648,691	\$ 13,774,729	\$ 61,998,208
32,745	12,967	1,918,592	152,602	3,962,460	4,115,062	25,435,302
36,383	22,635	496,459	864,029	152,661	1,016,690	17,631,179
--	--	--	--	617,502	617,502	617,502
(87,917)	(281,068)	(10,362,861)	(109,407)	(7,916,068)	(8,025,475)	(18,314,225)
--	239,914	9,676,582	--	--	--	9,676,582
--	--	--	--	788,776	788,776	788,776
33,814	31,237	1,250,669	--	6,510,125	6,510,125	8,742,762
--	970	60,739	3,718	355	4,073	429,705
3,455	8	5,278	--	--	--	5,278
37,269	272,129	10,993,268	3,718	7,299,256	7,302,974	19,643,103
(50,648)	(8,939)	630,407	(105,689)	(616,812)	(722,501)	1,328,878
78,439	444,988	7,995,947	632,340	4,421,480	5,053,820	24,270,257
\$ 27,791	\$ 436,049	\$ 8,626,354	\$ 526,651	\$ 3,804,668	\$ 4,331,319	\$ 25,599,135



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

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**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15

**NOTE 1 - Summary of Significant Accounting Policies**

The Consolidated Government of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, is both a municipality (home rule charter) and a parish government (political subdivision of the State of Louisiana). The City of Baton Rouge is located wholly within the boundaries of the parish. The parish (approximately 472 square miles) is located in the southeastern portion of the State bordered by the Mississippi River on the west, approximately 80 miles north of New Orleans. The City-Parish is governed by a Mayor-President and 12 single-district Metropolitan Council members.

**a. Financial Reporting Entity**

The Consolidated Government of the City of Baton Rouge, Parish of East Baton Rouge serves as the financial reporting entity for both the municipality (City of Baton Rouge) and for the Parish (East Baton Rouge Parish). The financial reporting entity consists of: (1) the primary government (all funds under the auspices of the Mayor-President and the Metropolitan Council), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, established criteria for determining which component units should be considered part of the City of Baton Rouge, Parish of East Baton Rouge for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the City-Parish governing authority (Metropolitan Council or Mayor-President) appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the City-Parish and the potential component unit.
4. Imposition of will by the City-Parish on the potential component unit.
5. Financial benefit/burden relationship between the City-Parish and the potential component unit.

Based on the previous criteria, City-Parish management has included the following component units in the financial reporting entity:

**Blended Component Units**

The Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (CPERS), a cost-sharing multiple-employer pension plan is reported as a fiduciary fund in the Basic Financial Statements of the City of Baton Rouge, Parish of East Baton Rouge. The retirement system, a separate legal entity, was created in accordance with The Plan of Government in 1949. This retirement system exists for the sole benefit of current and former (primary government, component units, and related organizations) City-Parish employees who are members of the system. The system is governed by a seven-member board of trustees. Four members of the seven-member board are elected by the employees who participate in the system. The system is funded by the investment of contributions received from the City-Parish primary government, some of the government's component units, and related organizations, and member employees who are obligated to make the contributions to the system based upon actuarial valuations. The City-Parish does not serve as trustee for the retirement system. The fiscal year for CPERS is the calendar year. The separately issued audit report on the retirement system can be obtained at the following address: Jeffrey R. Yates, Retirement Administrator; P.O. Box 1471, Baton Rouge, LA 70821-1471.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**a. Financial Reporting Entity (Continued)**

**Discrete Component Units**

Capital Area Transit System (CATS) - CATS is a political subdivision which functions under the provisions of an operating agreement with the City of Baton Rouge and Parish of East Baton Rouge. Any property acquired by the system is for the use and benefit of the City-Parish. Metropolitan Council approval is required for all transportation fare changes and operating subsidies. Operating subsidies are provided through a federal grant and by local matching funds appropriated by the Metropolitan Council. CATS's financial statements for the period ended December 31, 2004, are discretely presented in the basic financial statements.

The Louisiana State Constitution mandates that parish governments fund a significant portion of the operational budgets of certain legally separate state constitutionally defined parish officials. These budgets are adopted as part of the City-Parish budget process. These officials also have certain statutorily defined sources of funds that are used for operating and/or capital purposes. These agencies have been discretely presented in the City-Parish Comprehensive Annual Financial Report (CAFR):

District Attorney of the Nineteenth Judicial District (for the period ended December 31, 2004)  
Nineteenth Judicial District Court (for the period ended June 30, 2004)  
E.B.R. Parish Clerk of Court (for the period ended June 30, 2004)  
E.B.R. Parish Coroner (for the period ended December 31, 2004)  
E.B.R. Parish Family Court (for the period ended December 31, 2004)  
E.B.R. Parish Juvenile Court (for the period ended December 31, 2004)  
Nineteenth Judicial District Indigent Defender Board (for the period ended December 31, 2004)

Capital Region Planning Commission - The Capital Region Planning Commission is a private non-profit government agency that administers federal funding from the U.S. Department of Transportation. A majority of the commissioners are appointed by the City-Parish governing authority. The Metropolitan Council also approves grant budgets and pass-through funding to the Commission. The Commission's financial statements for the year ended June 30, 2004 are included in the discrete component unit columns of the basic financial statements.

Parish Fire Protection Districts - Parish Fire Protection Districts (including St. George Fire Protection District, Brownsfield Fire Protection District, Central Fire Protection District, E.B.R. Parish Fire Protection District No. 6, Eastside Fire Protection District, *Pride Fire Protection District*, *Chaneyville Fire Protection District*, and *Alsen-St. Irma Lee Fire Protection District*) are established pursuant to State Statutes. The Metropolitan Council appoints a majority of the board members of each fire protection district. The Council has the right to approve the fire protection districts' tax rates and charges. Although the City-Parish has issued debt in the past on behalf of one or more of the fire protection districts, each district is legally responsible for the debt it incurs. The fiscal year for all fire protection districts is the calendar year except St. George Fire Protection District whose fiscal year end is September 30, 2004.

Brownsfield Fire Protection District, Chaneyville Fire Protection District, *Pride Fire Protection District* and *Alsen - St. Irma Lee Fire Protection District* do not have separately issued audit reports. Fiscal agency services for these legally separate discrete component units are provided by the City-Parish financial management system. Individual fund financial statements for these four non-major component units are included in the Combining and Individual Fund Statements and Schedules section of this report. (see Exhibits H-1 through H-8.)

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**a. Financial Reporting Entity (Continued)**

**Discrete Component Units (Continued)**

Separately issued financial statements of all other City-Parish discretely presented component units can be obtained at the Office of the Legislative Auditor of the State of Louisiana, 1600 North Third Street, P.O. Box 94397, Baton Rouge, LA 70804-9397 or at the following administrative offices:

District Attorney Doug Moreau  
222 St. Louis Street, Fifth Floor  
Baton Rouge, LA 70802

Nineteenth Judicial District Court  
JoAnn Bruce, Judicial Administrator  
222 St. Louis Street, Sixth Floor  
Baton Rouge, LA 70802

Capital Region Planning Commission  
Don Neisler, Executive Director  
333 North 19th Street  
P.O. Box 3355  
Baton Rouge, LA 70821

Nineteenth Judicial District Indigent  
Defender Board  
Michael Mitchell  
333 St. Louis Street  
Baton Rouge, LA 70802

East Baton Rouge Parish Family Court  
Ronnie Bullion, Judicial Administrator  
222 St. Louis Street, Seventh Floor  
Baton Rouge, LA 70802

East Baton Rouge Parish Juvenile Court  
Donna Carter, Judicial Administrator  
8333 Veterans Memorial Boulevard  
Baton Rouge, LA 70807

East Baton Rouge Parish Clerk of Court  
Doug Welborn  
222 St. Louis Street, First Floor  
Baton Rouge, LA 70802

Central Fire Protection District  
11646 Sullivan Road  
Baton Rouge, LA 70818

East Baton Rouge Parish Coroner  
Dr. Shannon Cooper  
4030 T.B. Hearndon Avenue  
Baton Rouge, LA 70807

St. George Fire Protection District  
13686 Perkins Road  
Baton Rouge, LA 70810

Capital Area Transit System  
Dwight Brashear, General Manager  
2250 Florida Boulevard  
Baton Rouge, LA 70802

E.B.R. Parish Fire Protection District No. 6  
7878 Prescott Road  
Baton Rouge, LA 70812

Eastside Fire Protection District  
15094 Old Hammond Highway  
Baton Rouge, LA 70816-1243

**Related Organizations**

City-Parish officials are also responsible for appointing members of the boards of other organizations. City-Parish's accountability does not extend beyond making the appointments. The following agencies are related organizations to City-Parish government. Each organization's financial statements can be obtained at their respective administrative offices listed as follows:

Gas Utility Service District  
Arlene Norwood, Office Manager  
10633 Zachary-Deerford Road  
Zachary, LA 70791-9304

East Baton Rouge Housing Authority  
Joseph F. Johnson, Executive Director  
4546 North Street  
Baton Rouge, LA 70806

Baton Rouge Recreation and Park Commission  
(BREC)  
Mike Proctor, Finance Director  
P.O. Box 15887  
Baton Rouge, LA 70895

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**a. Financial Reporting Entity (Continued)**

**Related Organizations (Continued)**

The following three agencies are non-profit corporations established pursuant to State Statutes to finance debt for various public purposes within East Baton Rouge Parish. The Metropolitan Council appoints the board members of each respective agency. Each agency is fiscally independent from the City-Parish, issues its debt, approves its budgets, and sets its rates and charges. The primary government has no authority to remove board members, designate management, or approve or modify rates. The City-Parish is not obligated in any manner for the debt issues of these agencies. Financial statements for these agencies can be obtained at the following addresses:

Hospital Service District No. 1  
Michael Zimmerman, Chief Financial Officer  
Lane Memorial Hospital  
6300 Main Street  
Zachary, LA 70791

East Baton Rouge Mortgage Finance Authority  
Randy J. Bonneau, Chairman  
8555 United Plaza Boulevard  
Suite 207, Four United Plaza  
Baton Rouge, LA 70809-2251

Industrial Development Board  
(No Financial Transactions)

**b. Basis of Presentation**

The City-Parish's **basic financial statements** consist of the government-wide statements on all of the non-fiduciary activities of the primary government and its component units 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. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City-Parish has elected not to follow subsequent private-sector guidance.

**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 of the primary government and the total for its component units. As a general rule, the effect of interfund activity has been removed from these statements. Exceptions to the general rule are payments between the enterprise funds to other various functions of government for charges such as sewer fees and contributions between the primary government and its component units which are reported as external transactions. The government-wide presentation focuses primarily on the sustainability of the City-Parish as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

*Governmental Activities* represent programs which normally are supported by taxes and intergovernmental revenues.

*Business-Type Activities* are financed in whole or in part by fees charged to external parties for goods and services.

The primary government is reported separately from the legally separate component units as detailed in section (a) of this note.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated by function for financial reporting in this statement; however, certain indirect costs have been directly allocated as administrative fees to grants and special fund programs. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. This includes internally dedicated resources such as a restricted property tax.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**b. Basis of Presentation (Continued)**

FUND FINANCIAL STATEMENTS:

Emphasis of fund financial reporting is on the major fund level in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column in the basic financial statements.

The daily accounts and operations of the City-Parish are organized on the basis of individual funds, each of which is considered a separate accounting entity. The operations of each fund, both major and non-major, 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 various funds of the primary government are grouped into generic fund types and three broad fund categories as follows:

Governmental Activities Presented as Governmental Funds in the Fund Financial Statements:

*General Fund -- The General Fund is the general operating fund of the City and Parish. The General Fund accounts for all financial resources except those required to be accounted for in other funds. The General Fund is always a major fund.*

*Special Revenue Funds -- Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. There are no special revenue fund major funds.*

*Debt Service Funds -- Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. There are no debt service fund major funds.*

*Capital Projects Fund -- The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds) and is reported as a major fund.*

Proprietary Funds:

*Enterprise Funds -- Enterprise funds are used to account for operations: (a) that are financed and operated similarly to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds are presented in the business-type activities column in government-wide financial statements and the major funds section of the basic financial statements. The two enterprise funds reported as major funds in the fund financial statements are as follows:*

*The Greater Baton Rouge Airport District Fund accounts for the operation of the Baton Rouge Metropolitan Airport, a commercial and general aviation facility principally financed by air carrier fees and airport related services.*

*The Comprehensive Sewerage System Fund accounts for the provision of sewer services and sewer treatment services to the residents of the entire parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and billing and collection of a user fee.*

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**b. Basis of Presentation (Continued)**

FUND FINANCIAL STATEMENTS (Continued):

Proprietary Funds (Continued):

Internal Service Funds -- Two internal service funds are used by the government to account for: (1) financing the replacement of motorized equipment, and (2) to maintain and supply fuel for motorized vehicles and heavy equipment to various departments or agencies of the City-Parish, or to other governments, on a cost-reimbursement basis. The internal service fund totals are presented as part of the proprietary fund financial statements. Since the principal users of the internal service funds are the City-Parish governmental activities, financial statements of internal service funds are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the cost of these services are reflected in the appropriate functional activity.

Fiduciary Fund:

Trust Funds -- The City-Parish Employees' Retirement System (CPERS) Pension Trust Fund (a blended component unit) is used to account for the accumulation of contributions for a defined-benefit cost-sharing multiple-employer pension plan to provide retirement benefits to qualified employees. The pension trust fund is presented in the basic financial statements section. Since by definition these assets are being held for the benefit of employees and cannot be used to address activities or obligations of this government, these funds are not incorporated into the government-wide statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**c. Basis of Accounting and Measurement Focus**

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

FUND FINANCIAL STATEMENTS:

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 (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

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 City-Parish definition of available means expected to be received within sixty days of the end of the fiscal year.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**c. Basis of Accounting and Measurement Focus (Continued)**

FUND FINANCIAL STATEMENTS (Continued):

Nonexchange transactions, in which the City-Parish receives value without directly giving value in return, includes sales tax, property tax, special assessments, grants, entitlements, and donations. Property taxes are considered measurable in the calendar year of the tax levy if collected soon enough to meet the availability criteria. Sales taxes and gross receipts business taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Special Assessments are recognized as revenues only to the extent that individual installments are considered current assets in the governmental fund types. 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.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments, group health claims, arbitrage payable, net pension obligation and compensated absences are recorded as expenditures in the governmental fund type when paid with expendable available financial resources. Allocations of cost such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds and pension trust funds are accounted for on an economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

**d. Budgetary Data**

BUDGET POLICIES AND BUDGETARY ACCOUNTING:

The Plan of Government for the City-Parish outlines procedures for adopting a budget for the General, Special Revenue, and Debt Service Funds of the primary government:

The Finance Department compiles for the Mayor-President estimates of revenues and requests for appropriations of the annual budget. No later than November 5, the Mayor-President's budget is submitted to the Metropolitan Council for possible revision and adoption. The Council conducts public hearings on the budget, which must be adopted by December 15, to become effective January 1. In no event shall the total appropriations exceed total anticipated revenues taking into account the estimated surplus or deficit at the end of the current fiscal year.

Budgets for the Capital Projects Fund do not necessarily follow the time schedule for other funds, since capital projects may be started and completed at any time during the year. However, the capital project budget must be submitted to the Council for adequate public hearing and adoption on a project-length basis.

Annual operating budgets are adopted for the following governmental funds: General, Special Revenue, and Debt Service. All annual appropriations lapse at fiscal year-end. The General Fund is the only major fund for which an annual budget is adopted, therefore, it is the only budget presentation in the basic financial statements. The original budget column on the budget presentation includes the adjustments necessary to bring forward appropriations for both unspent projects of a continuing nature and legal encumbrances at the end of the last fiscal year.

Budgets of the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) except for the following deviations: (1) On the budget basis, encumbrances are considered expendable from current appropriations and are reported as expenditures in order to reserve appropriations. (2) Capital lease payments are recorded as departmental expenditures on the budget basis, while on the GAAP basis they are reported as debt

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**d. Budgetary Data (Continued)**

BUDGET POLICIES AND BUDGETARY ACCOUNTING (Continued):

service expenditures. Capital leases, on the GAAP basis, represent acquisitions of general capital assets with the value of the assets reported as departmental expenditures and other financing sources. (3) Housing and Urban Development (HUD) loans to program recipients are reported as expenditures on the budget basis to facilitate reporting in accordance with federal regulations. The loans are recorded as "loans receivable" on the GAAP basis with a corresponding reservation of fund balance.

In accordance with The Plan of Government, appropriations, in addition to those contained in any current expenditure budget, shall be made only on the recommendation of the Mayor-President, and only if the Director of Finance certifies that there is available an unappropriated cash surplus sufficient to meet such appropriations. Appropriations at year-end normally lapse, except for those projects of a continuing nature which remain open until the projects are completed or abandoned and are shown on the Balance Sheet as Fund Balance-Reserved for Continuing Projects. Such appropriations for continuing projects carried forward from 2003 to 2004 totaled \$7,977,440 for the General Fund, which is included in the original budget column. The level of budget control is at the fund, department or project level, and expenditures/encumbrances may not exceed appropriations. Should additional appropriations be required, interdivisional transfers may be authorized by the Mayor-President. At year-end, interdepartmental transfers may be made at the request of the Mayor-President with approval of the Council. Additional appropriations from fund balance or increases in estimated revenues must be approved by the Council. In accordance with The Plan of Government, if the Mayor-President shall at any time ascertain that there will not be for the parish, the city, or the districts, sufficient funds to meet total appropriations, it shall be his duty to revise appropriations. During 2004, the General Fund budget was increased by \$15,248,678 as reflected in the final budget column of the budget presentation and as discussed in the Management's Discussion and Analysis section of this report.

Formal budgetary integration is used for management control in the accounting records during the year for the governmental fund types. The Capital Projects Fund project appropriations are initiated by project budgets rather than annual budgets, and accountability is controlled on the project-life basis.

ENCUMBRANCES:

Encumbrances representing purchase orders, contracts or other commitments are recorded in budgetary funds to reserve portions of applicable appropriations. Encumbrances are part of the budgetary process and are included in actual expenditures when a comparison with budget is necessary. Encumbrances at year-end are not considered expenditures in the financial statements presented on the GAAP basis.

**e. Assets, Liabilities, and Fund Equity**

CASH, CASH EQUIVALENTS, AND INVESTMENTS:

Cash and cash equivalents for the primary government includes the payroll cash account, cash for insurance, cash for juror and witness fees, cash on hand, petty cash, cash for East Baton Rouge Sewerage Commission, cash for all sinking funds and debt service reserve funds on all City and Parish Public Improvement Sales Tax Revenue Bonds, and each individual fund's share of the consolidated cash account.

A single consolidated bank account has been established in a local bank into which monies are deposited and from which most disbursements are made. In addition, investment purchases are charged and maturities are deposited to the consolidated bank account. The purpose of this consolidation is to reduce administrative costs and provide a single cash balance available for the maximization of investment earnings. Each fund shares in the investment earnings according to its average cash and investments balance, prorated between funds. Cash is transferred from those funds with available cash resources to cover any negative cash balances in other funds at year-end. In addition, an imprest bank account is used for disbursements of payrolls, and separate accounts have been established for the East Baton Rouge Sewerage Commission, and City and Parish Sales Tax Revenue Bonds as required by the bond indentures for related bond issues.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**e. Assets, Liabilities, and Fund Equity (Continued)**

CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued):

The investment policies of the City-Parish are governed by State Statutes and bond covenants. Additional details on authorized investments of City-Parish primary government and component unit funds are disclosed in Note 3(b).

Cash, Cash Equivalents and Investments for the Employees' Retirement System are not included in the City-Parish's consolidated bank account. This retirement system is a blended component unit of the City-Parish primary government and operates a separate bank account and controls its own disbursements and investments.

For purposes of the Statement of Cash Flows, cash equivalents for each fund include demand deposit account balances, repurchase agreements, certificates of deposit and U.S. government securities with maturities of three months or less from date purchased.

Investments are reported at fair value except for: (1) short-term and money market investments, consisting primarily of U.S. treasury obligations with a maturity of one year or less at time of purchase, which are reported at cost and (2) the Louisiana Asset Management Pool (LAMP) investment, which is a local government 2a7-like pool administered by a non-profit corporation organized under State of Louisiana law, which is permitted to be carried at amortized cost.

Securities traded in a national or international exchange are valued at the last reported sales price at current exchange rates. Unrealized gains and losses on investments recorded at fair value are included in investment income.

RESTRICTED ASSETS:

Certain bond proceeds and debt service sinking funds of the Comprehensive Sewerage System Enterprise Funds are legally restricted as to purpose. These assets have been classified as restricted assets on the Statement of Net Assets since the use of these funds is limited by applicable bond resolutions. In addition, the Greater Baton Rouge Airport District Fund shows a net asset restriction for unappropriated passenger facility charges and unspent restricted grant proceeds.

INVENTORIES AND PREPAID ITEMS:

Inventories are stated at cost using the average price method. In the primary government's governmental fund types, inventoried items are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

INTERFUND RECEIVABLES AND PAYABLES:

Short-term cash borrowing between funds bears interest at the prevailing consolidated cash rate of return and is considered temporary in nature. These amounts are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

ACCOUNTS RECEIVABLE:

Accounts receivable are reported net of an allowance for uncollectibles in business-type activities. Major accounts receivable are recorded for: (1) sewer user fees in the Comprehensive Sewerage System Enterprise Fund; (2) airline landing fees, rentals, and miscellaneous charges for services in the Greater Baton Rouge Airport Authority Enterprise Fund; and (3) waste disposal fees at the landfill recorded in the Solid Waste Disposal Facility Enterprise Fund. Uncollectible revenues are estimated at approximately ½ percent for the sewer user fees with uncollectibles written off on a monthly basis. At December 31, 2004, an uncollectible allowance of 38 percent has been recorded for the Greater Baton Rouge Airport District. Uncollectible amounts for waste disposal fees are historically immaterial and no allowance is recorded.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**e. Assets, Liabilities, and Fund Equity (Continued)**

CAPITAL ASSETS:

Capital assets, which include land and land improvements, buildings, equipment, and infrastructure assets (streets, roads, bridges, canals and sewer and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalization thresholds are defined by the City-Parish in the official accounting policies and procedures as follows:

- Movable capital assets with a cost of \$5,000 or more per unit and a useful life of at least two years.
- Land and land improvements purchased with a minimal value of \$50,000.
- Buildings and building improvements with a value of \$100,000 that extend the useful life of a building.
- Individual purchased infrastructure improvements with a value of \$100,000.
- Donated infrastructure systems with a value of \$500,000.

All assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects. For capitalization purposes, projects are considered substantially complete when 80% of the project has been constructed. At this point the project costs are moved out of construction work in progress and capitalized.

Depreciation on all capital assets, excluding land and improvements, is calculated on the straight-line method over the following estimated useful lives:

<u>Type of Capital Assets</u>	<u>Number of Years</u>
Buildings and Building Improvements	25-40
Runways and Improvements	25
Land Improvements-Structure	10
Furniture	10
Machinery and Equipment	5-10
Automobiles	3
Infrastructure	25

All infrastructure assets purchased by the primary government since 1960 are recorded as capital assets and depreciated accordingly. Certain improvements, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and other assets acquired from subdivision developers, between year 1980 and year 1990, have not been capitalized as of December 31, 2004. GASB 34 allows the City-Parish until fiscal year 2006 to retroactively record infrastructure assets. The net financial effect of recording these infrastructure assets will be a small increase in net capital assets on the government-wide statements. Donated infrastructure that was acquired from developers between the years 1991 through 2000 was capitalized at December 31, 2004, with recorded applicable accumulated depreciation. All donated infrastructure accepted into the City-Parish's maintenance program since 2001 has been capitalized and depreciated in accordance with the above capitalization policy.

The City-Parish capitalizes interest cost (net of interest earned) during the construction phase of major capital projects of proprietary funds in accordance with FASB Statements No. 34, *Capitalization of Interest Cost*, and No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*. The objectives of capitalizing interest are: (a) to obtain a measure of acquisition cost that more closely reflects the enterprise's total investment in the asset, and (b) to charge a cost that relates to the acquisition of a resource that will benefit future periods against the revenues of the period benefitted. The amount of interest cost capitalized on major capital projects acquired/constructed with proceeds of restricted tax-exempt debt includes all interest cost of the borrowing less any interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing from the date of the borrowing until the assets are ready for their intended use. Interest cost capitalized for the period ending December 31, 2004, is disclosed by project in Note 6, Changes in Capital Assets.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**e. Assets, Liabilities, and Fund Equity (Continued)**

LONG-TERM DEBT:

In the government-wide statement of net assets and in the proprietary fund types' financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, issuance costs, and gains (losses) on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable costs are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs during the current financial period. The face amount of the debt issue is reported as "other financing sources." Premiums received on debt issuances are reported as "other financing sources" and discounts on debt are reported as "other financing uses."

Excess revenue contracts, loans, and notes are obligations of the general government and payment of these debts is normally provided by transfers from the General Fund to a debt service fund. However, if the debt is intended to be repaid by an enterprise fund it is recorded as a proprietary long-term debt.

Sales tax revenue bonds are secured by sales tax revenues. For those issues not associated with enterprise fund operations, payment of the debt is provided by sales tax revenue recognized in the appropriate debt service fund. Sales tax revenue bond issues associated with enterprise funds are accounted for in the relevant enterprise fund.

COMPENSATED ABSENCES:

All City-Parish primary government classified and non-classified regular employees earn vacation leave in varying amounts according to the employee's number of years of continuous service up to a maximum of five years accrual.

All City-Parish primary government classified and non-classified regular employees earn sick leave in varying amounts according to the employee's number of years of continuous service. Sick leave is accumulated without time limitations. Sick leave is payable only upon death or retirement.

Payments for accrued sick and vacation leave are limited to a combined 120 days under all circumstances except death. Upon death, the maximum accrued leave payable is 120 days sick leave and the equivalent of two years of accrued vacation. Vacation and sick leave may also be converted into time worked for retirement purposes. Per Metropolitan Council Ordinance 85011 effective January 1, 1988, the Employees' Retirement System assumed liability for separation benefits (accrued sick and vacation leave) for employees who retire or who die. At December 31, 2004, the City-Parish retains approximately 18.4% of the total liability for accumulated sick and vacation leave per calculations performed by an outside actuary consultant.

City-Parish employees of certain job classifications may accrue compensatory time in lieu of overtime payment up to 30 days for regular employees and 60 days for public safety employees. Compensatory leave is paid by the City-Parish upon termination, resignation, retirement or death, up to the maximum accrual amounts. City-Parish retains 100% of the compensatory leave liability as of December 31, 2004.

GASB Statement No. 16, *Accounting for Compensated Absences*, requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate employees for benefits through cash payments conditioned on the employees' termination or retirement. The City-Parish has recorded the following liabilities as of December 31, 2004, for certain salary-related benefits associated with the payment of compensated absences:

1. The actuarially determined percentage of accrued vacation for each employee valued at the employees' current rate of pay.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**e. Assets, Liabilities, and Fund Equity (Continued)**

COMPENSATED ABSENCES (Continued):

2. Using the "termination pay method," the value of the City-Parish's liability for sick leave as of December 31, 2004, is limited to 1/3 of the accumulated sick leave accrued at year-end for DROP participants. No sick leave is recorded in the financial statements for active employees since the amount applicable under GASB Statement No. 16 is immaterial.
3. A total of 100% of the compensatory leave for each employee valued at the employees' current rate of pay.
4. Applicable percentages of retirement contribution, social security, and Medicare have been added to the above accrued leave.

In the government-wide financial statements and the proprietary fund types fund statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. A current liability is recorded for the value of one year's accrual of leave in the proprietary funds fund statements. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March of 2000), no compensated absences liability is recorded at December 31, 2004, in the governmental fund-type fund financial statements.

Details of the compensated absences liability for the City-Parish discrete component units can be found in the separately issued audit reports of each component unit.

MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:

Municipal Solid Waste Landfill (MSWLF) Closure and Postclosure Care Costs are accounted for in accordance with guidelines recommended by Section L10 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

The Solid Waste Disposal Facility Enterprise Fund recognizes (based on MSWLF use) that portion of the estimated total current cost of MSWLF closure and postclosure care as an expense and as a liability in each period that it accepts solid waste. A complete explanation of the liability and its calculation is referenced in Note 17.

RESERVES AND DESIGNATIONS OF EQUITY:

Some portions of fund balance in the governmental fund types are reserved to indicate that a portion of equity is legally restricted to a specific future use or is not available for appropriation or expenditure in future years. Reserved for Subsequent Year Expenditures is fund balance that has been budgeted as a source in the 2005 Operating Budget. "Reserved for Continuing Projects" are those portions of incomplete projects where appropriations are carried forward to the following year. Designated portions of fund balance indicate tentative future spending plans, which may be changed and are subject to subsequent authorization before expenditures can be made. All designations are made for specific indicated purposes included in the title and require a council appropriation in subsequent years.

NET ASSETS:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**e. Assets, Liabilities, and Fund Equity (Continued)**

NET ASSETS (Continued):

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Details of restricted net assets at year-end are presented in Note 14.

The City-Parish adopted *GASB Statement No. 46, Net Assets Restricted by Enabling Legislation* during fiscal 2004. This statement established and clarified requirements related to restrictions of net assets resulting from enabling legislation.

ACCOUNTING ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

**f. Change in the Application of Accounting Principle and Restatement of Net Assets**

During 2004 the City-Parish and the City-Parish Employees' Retirement System (CPERS) determined that the CPERS system should be reported as a multiple-employer cost sharing pension employees' retirement system instead of a multiple-employer agent plan that was previously reported since the implementation of GASB 25 and 27. All costs of the plan are shared equally, no separate calculation is made for contributions and the unfunded liability is not attributed to the individual employers. Under GASB 27, no pension obligation is reported as a liability, provided that all of the required contributions are made. All employers have made the applicable required contributions for each year. Therefore, the net pension obligation has been reduced to zero by the restatement of beginning net assets as follows:

Beginning net assets for the primary government were also restated during 2004 for donated infrastructure assets consisting of street and drainage projects accepted into the City-Parish maintenance between the years 1991 through 2000. A historical cost of \$51,276,023 was capitalized to general capital assets with an accumulated depreciation recorded as of December 31, 2003, of \$14,660,562 for a net restatement of \$36,615,461.

	Total Net Assets December 31, 2003, As Previously Reported	Adjustment for Elimination of Net Pension Obligation	Adjustment for Prior Years Donated Infrastructure	Total Net Assets December 31, 2003, Restated
<b><u>Primary Government:</u></b>				
Governmental activities	\$454,761,016	\$11,532,885	\$36,615,461	\$ 502,909,362
Business-type activities:				
Greater Baton Rouge Airport District	138,601,877	351,788	--	138,953,665
Comprehensive Sewerage System Fund	298,478,656	1,901,689	--	300,380,345
Non-major business-type activities	<u>70,686,138</u>	<u>151,181</u>	<u>--</u>	<u>70,837,319</u>
Total business-type activities	<u>507,766,671</u>	<u>2,404,658</u>	<u>--</u>	<u>510,171,329</u>
Total primary government	<u>\$962,527,687</u>	<u>\$13,937,543</u>	<u>\$36,615,461</u>	<u>\$1,013,080,691</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**f. Change in the Application of Accounting Principle and Restatement of Net Assets (Continued)**

	Total Net Assets December 31, 2003, As Previously Reported	Adjustment for Elimination of Net Pension Obligation	Total Net Assets December 31, 2003, Restated
<b><u>Component Units:</u></b>			
District Attorney of the Nineteenth Judicial District	\$2,093,085	\$308,355	\$ 2,401,440
Nineteenth Judicial District Court	156,559	6,842	163,401
E.B.R. Parish Family Court	246,891	38,993	285,884
E.B.R. Parish Juvenile Court	495,126	90,901	586,027
E.B.R. Parish Coroner	36,101	50,755	86,856
St. George Fire Protection District	493,485	255,315	748,800
Brownsfield Fire Protection District	276,117	18,935	295,052
Central Fire Protection District	2,645,565	52,490	2,698,055
E.B.R. Parish Fire Protection District No. 6	1,350,733	46,212	1,396,945
Eastside Fire Protection District	<u>2,028,650</u>	<u>18,689</u>	<u>2,047,339</u>
 Total component units	 <u>\$9,822,312</u>	 <u>\$887,487</u>	 <u>\$10,709,799</u>

The City-Parish also adopted *GASB Statement No. 46, Net Assets Restricted by Enabling Legislation* during fiscal 2004. This statement established and clarified requirements related to restrictions of net assets resulting from enabling legislation. Restricted versus unrestricted net asset figures for January 1, 2004, have been restated.

**NOTE 2 - Stewardship, Compliance, and Accountability**

**a. Deficit Fund Balance and Unrestricted Net Assets of Individual Funds**

Greater Baton Rouge Airport District:

Unrestricted net assets of the Greater Baton Rouge Airport District were a negative \$7.9 million at December 31, 2004. In addition, the general fund had provided short-term borrowing of \$9.3 million to the District at year-end. Most of this major fund's assets are capital assets. Many of these capital assets are funded by the federal and state governments. At year end, receivables from other governments totaled \$8.3 million. Due to problems in the national aviation industry, the District has incurred operating losses over the last several years. The District incurred an operating loss before government contributions of \$2.9 million for 2004. The District's administration has developed a plan to significantly reduce the short-term loans and is currently negotiating a new airport/airline lease agreement with participating airlines. Repayment of the \$9.3 million borrowing is dependent upon the viability of the airport operations and the future of the airline industry.

**b. Expenditures Exceeding Appropriations (Non-GAAP Budgetary Basis)**

Excess of expenditures and encumbrances over appropriations in individual major funds or departments within the funds occurred as follows:

	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
General Fund:			
Crisis Care Center	\$ 185,050	\$ 185,086	\$ (36)

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 2 - Stewardship, Compliance, and Accountability (Continued)**

**c. Budgetary - GAAP Reporting Reconciliation**

Annual budgets are adopted for the General Fund and the non-major governmental funds. Budgetary comparisons presented in this report are on the budgetary basis.

As discussed in Note 1(d) certain adjustments are necessary to compare actual data on a GAAP versus budget basis. Adjustments reconciling the excess (deficit) of revenues and other financing sources over (under) expenditures and other uses at year end on the GAAP basis to the budgetary basis are as follows:

	General Fund	Non-major Governmental Funds
Net change in fund balances (Budget Basis)	\$(4,935,642)	\$(11,204,267)
Adjustments:		
To adjust for encumbrances	884,178	4,852,174
To adjust for U.S. Housing and Urban Development loans receivable	--	(1,092,699)
Net change in fund balances (GAAP Basis)	<u>\$ (4,051,464)</u>	<u>\$ (7,444,792)</u>

The budgetary basis accounts for encumbrances as expenditures in the year in which the funds are encumbered. However, on the GAAP basis, expenditures for encumbered funds are recognized when the obligation is incurred. Therefore, a timing difference exists between budgetary practices and GAAP. In accounting for grant funds, fund balance is not reserved for the grantor portion of encumbrances. Accordingly, grant encumbrances must be added to the reserve for encumbrances in calculating the adjustment necessary to reconcile GAAP basis to budgetary basis. For non-major governmental funds, the adjustment for encumbrances is calculated as follows:

Reserve for encumbrances	\$3,652,543
Grant encumbrances	1,199,631
Total encumbrances	<u>\$4,852,174</u>

**NOTE 3 - Cash, Cash Equivalents, and Investments**

The City-Parish maintains a consolidated cash management pool that is available for use by all funds except the Employees' Retirement System Pension Trust Fund. Each fund type's portion of the consolidated cash pool is displayed on the Statement of Net Assets as "Cash and cash equivalents" or "Investments." The City-Parish primary government and all discretely presented component units adopted Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, during 2004.

**a. Deposits - Primary Government**

Deposits (including demand deposit accounts and certificates of deposits) at December 31, 2004, for the City-Parish primary government are summarized as follows:

1. Primary government excluding Employees' Retirement System Pension Trust Fund:

Carrying Amount	Bank Balance
\$201,422,471	\$205,964,653

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 3 - Cash, Cash Equivalents, and Investments (Continued)**

**a. Deposits - Primary Government (Continued)**

1. Primary government excluding Employees' Retirement System Pension Trust Fund (Continued):

Certificates of deposit with a maturity of 90 days or more are classified on the Statement of Net Assets as "Investments" (\$193,905,142). The remaining carrying amount of \$7,517,329 is classified as "Cash and cash equivalents."

The City-Parish's bank balance of deposits at December 31, 2004, is not exposed to any custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the City-Parish's deposits may not be returned. The City-Parish has a written policy for custodial credit risk.

The carrying amount of deposits does not include a cash on hand balance of \$889,624 which is not on deposit with a financial institution. Cash on hand includes petty cash and cash received but not yet deposited at year-end.

2. Employees' Retirement System Pension Trust Fund:

At December 31, 2004, the carrying amount of the Retirement System's cash was \$5,028,036 and the bank balance was \$5,036,890. The Retirement System's deposits at December 31, 2004, are not exposed to any custodial credit risk.

**b. Cash Equivalents and Investments - Primary Government**

*The City-Parish is authorized by LRS 39:1211-1245 and 33:2955 to invest temporarily idle monies in the following:*

1. United States Treasury Bonds
2. United States Treasury Notes
3. United States Treasury Bills
4. Obligations of U.S. Government Agencies, including such instruments as Federal Home Loan Bank bonds, Government National Mortgage Association bonds, or a variety of "Federal Farm Credit" bonds.
5. Fully collateralized certificates of deposit issued by qualified commercial banks and savings and loan associations located within the State of Louisiana.
6. Fully collateralized repurchase agreements.
7. Fully collateralized interest-bearing checking accounts.
8. Mutual or Trust Fund institutions which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States Government or its agencies.
9. Any other investment allowed by state statute for local governments.
10. Louisiana Asset Management Pool (LAMP).

Proceeds from the issuance of sales tax revenue bonds for the City of Baton Rouge and Parish of East Baton Rouge are invested according to guidelines set forth in the bond resolutions.

Authorized investments from the proceeds of the issuance of the City's 1993, 1997, 1998A, and 2001A Public Improvement Sales Tax Revenue Bonds are government securities, certificates of deposit collateralized by government securities, and bonds issued by any state or political subdivision, provided that the bonds are rated in one of Moody's Investors Service or Standard and Poor's Corporation's two highest rating categories. All of the qualified investments must have maturities of five years or less at the time of investment.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 3 - Cash, Cash Equivalents, and Investments (Continued)**

**b. Cash Equivalents and Investments - Primary Government (Continued)**

Proceeds from the issuance of the Parish's 1995, 1996, 1998B, 1999, 2001B, 2003, and 2004 Public Improvement Sales Tax Bonds are authorized to be invested in direct obligations of the United States of America, time certificates of deposit secured by direct obligations of the United States of America, and obligations issued or guaranteed by the federal government.

City-Parish investments for the primary government at December 31, 2004, are itemized as follows:

1. Primary Government excluding Employees' Retirement System Pension Trust Fund:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Amortized Cost/ Fair Value</u>
U.S. Agency Securities	\$ 79,159,874	\$ 79,572,533
State and Local Government Series	2,471,500	2,471,500
Repurchase Agreements	37,210,915	37,210,915
Louisiana Asset Management Pool (LAMP)	<u>158,000,000</u>	<u>158,000,000</u>
Total	<u>\$276,842,289</u>	<u>\$277,254,948</u>

Investment Maturities (in Years)

<u>Investment Type</u>	<u>Less Than 1</u>	<u>1-5</u>
U.S. Agency Securities	\$ 79,159,874	\$ --
State and Local Government Series	917,100	1,554,400
Repurchase Agreements	<u>37,210,915</u>	<u>--</u>
Total	<u>\$117,287,889</u>	<u>\$1,554,400</u>

As a means of limiting its exposure to fair value losses arising from interest rates, the City-Parish's investment policy limits investments to securities with less than one year from the date of purchase unless the investment is matched to a specific cash flow. The City-Parish may collateralize its repurchase agreements using longer dated investments not to exceed 10 years to maturity. Reserve funds may be invested in securities with maturities exceeding one year if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City-Parish's investment policy requires the application of the prudent-person rule. The policy states, *all investments made shall be with 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. However, under all circumstances, the overriding concern shall be safety of the principal amounts invested.* The City-Parish's investment policy limits investments to those discussed earlier in this section. The City-Parish's investments in U. S. Agency Securities were rated AAA by Standard & Poor's and Fitch Ratings, and Aaa by Moody's Investors Service. U. S. Agency Securities are invested in the Federal Home Loan Mortgage Corporation Securities which is 28.59% of the City-Parish total investments. LAMP has a Standard & Poor's Rating of AAAM.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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EXHIBIT A - 15  
(Continued)

**NOTE 3 - Cash, Cash Equivalents, and Investments (Continued)**

**b. Cash Equivalents and Investments - Primary Government (Continued)**

1. Primary Government excluding Employees' Retirement System Pension Trust Fund (Continued):

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City-Parish will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City-Parish's investment policy requires that all repurchase agreement investments be fully collateralized and held by an independent third party in the name of the City-Parish. Investments in external investment pools, mutual funds, and other pooled investments are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

Investments with a maturity of less than 90 days are classified on the Statement of Net Assets as "Cash and cash equivalents" (\$158,000,000). The remaining carrying amount of \$118,842,289 is classified on the Statement of Net Assets as "Investments." The difference between carrying amount and amortized cost/fair value of \$412,659 is included in "Receivables - net" on the Statement of Net Assets. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments in U.S. Treasury obligations that have a remaining maturity at time of purchase of one year or less, and investments in 2a7-like pools are stated at amortized cost which is not materially different from fair value. All other investments are shown at fair value.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. 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. 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. 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. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of the participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The \$158,000,000 invested in LAMP is held by the Parish's Consolidated Cash pool.

2. Employees' Retirement System Pension Trust Fund:

Section 9.15 of The Plan of Government of the Parish of East Baton Rouge and the City of Baton Rouge authorizes the Retirement Board to have custody of, and invest the assets of the Pension Trust. As fiduciaries of the Pension Trust, the Board developed and adopted *The Total Plan Statement of Investment Policies and Objectives*, in which are set forth the guidelines for investing the Retirement System's assets. The document sets forth permissible investments summarized as follows:

- Equity Investments – common stocks, convertible bonds, preferred stocks
- Fixed Income Investments – bonds, mortgages and mortgage-backed securities, asset-backed securities, cash-equivalent securities, money market funds, bank short-term investment funds and short-term extendable portfolio funds, equity real estate (only under specific authorization)

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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EXHIBIT A - 15  
(Continued)

**NOTE 3 - Cash, Cash Equivalents, and Investments (Continued)**

**b. Cash Equivalents and Investments - Primary Government (Continued)**

2. Employees' Retirement System Pension Trust Fund (Continued):

Additionally, the Retirement System may authorize an agent to participate in securities lending transactions on its behalf. Investment in derivatives and reverse repurchase agreements are not specifically authorized under the Board's investment policy. However, in the case of commingled or mutual accounts, the prospectus of Declaration of Trust takes precedence over the investment policy.

The securities representing equity or fixed income in any one company shall not exceed 5 percent of the cost basis or 7 percent of the fair value of any manager's portfolio, however, the direct debt of the federal government shall not be restricted as a percentage of the portfolio.

No investments in any one organization represent 5 percent or more of the net assets available for pension benefits. There are no investments in loans to, or lease with, parties related to the Plan. Although the Board continued its contractual relationships with outside third party investment managers during 2004, final oversight of investments and investment performances for both the original CPERS trust and PGT remains with the Board.

Purchases and sales of investments are recorded on a trade date basis. The Retirement System's Statement of Investment Policies and Objectives prohibits the use of securities that use any form of leverage, or in which interest or principal position is tied to any prohibited type of investment.

CPERS utilizes various investment instruments, which by nature are exposed to a variety of risk levels and risk types, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the Statement of Plan Net Assets.

The fair value of the Retirement System's investments as of December 31, 2004 is:

	<u>Fair Value</u>
U.S. Treasury Bonds	\$ 18,642,695
U.S. Agency Notes	7,885,882
Mortgaged Backed Securities	36,427,451
Corporate Bonds	61,545,847
Corporate Bonds Index	143,024,861
Corporate Stock Index	444,373,914
Asset Backed Securities	17,812,388
International Equities	170,334,186
Money Market Funds	<u>7,639,127</u>
Total	<u>\$907,686,351</u>

The fair value of \$900,047,224 is classified on the Statement of Fiduciary Net Assets as "Investments." \$7,639,127 is classified on the Statement of Fiduciary Net Assets as "Cash and Cash equivalents."

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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EXHIBIT A - 15  
(Continued)

**NOTE 3 - Cash, Cash Equivalents, and Investments (Continued)**

**b. Cash Equivalents and Investments - Primary Government (Continued)**

2. Employees' Retirement System Pension Trust Fund (Continued):

Interest rate risk is the risk applicable to debt instruments with fair values that are sensitive to changes in interest rate. One indicator of the measure of interest rate risk is the dispersion of maturity dates of debt instruments. The following table shows the Retirement System's domestic fixed-income investments and maturities in actively managed accounts at December 31, 2004:

	Fair Value	Investments Maturities (in Years)			
		Less Than One	1-5	5-10	>10
U.S. Treasuries	\$ 18,642,695	\$ --	\$ 8,175,424	\$ 3,831,333	\$ 6,635,938
U.S. Agencies	7,885,882	--	5,081,521	2,804,361	--
Mortgage Backed Securities	36,427,451	--	362,615	3,112,918	32,951,918
Corporate Bonds	61,545,847	2,739,428	27,532,610	15,005,308	16,268,501
Asset Backed Securities	17,812,388	--	14,541,942	3,270,446	--
<b>Total</b>	<b>\$142,314,263</b>	<b>\$2,739,428</b>	<b>\$55,694,112</b>	<b>\$28,024,366</b>	<b>\$55,856,357</b>

*Note: The above schedule does not include the Passive Bond Market Index SL Fund with a December 31, 2004, fair market value of \$134,831,327 and a rating of AA.*

The Retirement System requires that debt obligations be investment grade at time of purchase (BBB or higher as rated by Standard & Poor's). Securities that are later downgraded below investment grade are required to be liquidated unless the investment manager and the investment consultant deem it in the System's best interest to continue to hold the securities.

The following table is provided for use in determining the Retirement System's level of exposure to credit risk as of December 31, 2004:

<u>S&amp;P/Moody Rating</u>	<u>Fair Value at 12/31/04</u>
Government	\$ 21,224,819
Agency	42,668,734
AAA	30,098,527
AA	16,360,765
A	15,485,290
BBB	16,011,457
BB	398,791
B	65,880
	<u>\$142,314,263</u>

The Retirement System's *Total Plan Statement of Investment Policies and Objectives* limits the concentration in any one issue to 7 percent of fair value. At December 31, 2004, the System had exposure of less than 5 percent in any single investment issue.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. At December 31, 2004, the Retirement System's international investments were limited to participation in external investment pools of international equity managers. There were no investments in international fixed-income securities.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 3 - Cash, Cash Equivalents, and Investments (Continued)**

**c. Deposits - Discretely Presented Component Units**

The discretely presented component unit agencies are required to invest idle funds within the same state statute as the primary government. Component unit deposits (including demand deposit accounts and certificates of deposits) at their respective year ends, are categorized below:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
<i>District Attorney of the Nineteenth Judicial District</i>	\$ 2,895,374	\$ 3,013,550
Nineteenth Judicial District Court	399,764	549,091
E.B.R. Parish Family Court	300,117	315,941
E.B.R. Parish Juvenile Court	351,457	396,704
<i>Nineteenth Judicial District Indigent Defender Board</i>	285,873	309,611
E.B.R. Parish Clerk of Court	6,179,960	6,273,788
E.B.R. Parish Coroner	55	55
St. George Fire Protection District	787,988	799,178
<i>Central Fire Protection District</i>	435,458	493,969
District 6 Fire Protection District	154,981	168,756
Eastside Fire Protection District	79,128	86,552
Pride Fire Protection District	64,235	64,235
<i>Alsen-St. Irma Lee Fire Protection District</i>	29,918	29,918
Capital Region Planning Commission	390,173	473,071
Capital Area Transit System	<u>269,529</u>	<u>486,796</u>
Total Component Units	<u>\$12,624,010</u>	<u>\$13,461,215</u>

The following deposits were exposed to custodial credit risk as explained in section (a) of this note above:

Uninsured and collateral held by pledging bank's trust department not in agency's name:

Nineteenth Judicial District Court	\$ 449,091
St. George Fire Protection District	699,178
Central Fire Protection District	<u>393,969</u>
Total	<u>\$1,542,238</u>

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the component unit agency that the fiscal agent has failed to pay deposited funds upon demand.

Certificates of deposit with a maturity of 90 days or more are classified on the Statement of Net Assets as "Investments" (\$966,711). The remaining carrying amount of \$11,657,299 is classified as "Cash and cash equivalents."

The carrying amounts of deposits do not include a cash on hand balance for E.B.R. Parish Juvenile Court (\$300), Clerk of Court (\$2,225), Capital Region Planning Commission (\$220), and Capital Area Transit System (\$1,967) which are not on deposit with a financial institution. Cash on hand includes petty cash and cash received but not yet deposited at year-end.

**d. Investments - Discretely Presented Component Units**

Investments for component units include a fair value amount of \$104,207 in mutual funds held by Capital Region Planning Commission and \$201,193 of mutual funds held by E. B. R. Parish Juvenile Court.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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EXHIBIT A - 15  
(Continued)

**NOTE 3 - Cash, Cash Equivalents, and Investments (Continued)**

**e. Cash, Cash Equivalents and Investments Summary**

1. The following is a reconciliation of the carrying amount of deposits and investments to restricted and unrestricted "Cash and cash equivalents" and "Investments" on the Statement of Net Assets.

**A. Primary government excluding Employees' Retirement System Pension Trust Fund**

Cash and cash equivalents:	
Deposits	\$ 7,517,329
Cash on hand	889,624
Louisiana Asset Management Pool	<u>158,000,000</u>
Sub-total cash and cash equivalents	<u>166,406,953</u>
Investments:	
Deposits	193,905,142
Investments	<u>118,842,289</u>
Sub-total investments	<u>312,747,431</u>
Cash, cash equivalents and investments, December 31, 2004	<u><u>\$479,154,384</u></u>

Summary of "Cash and cash equivalents" and "Investments" for the Primary Government on the Statement of Net Assets

Current Assets - Cash and cash equivalents	\$156,398,009
Restricted Assets - Cash and cash equivalents	<u>10,008,944</u>
Total cash and cash equivalents	<u>166,406,953</u>
Current Assets - Investments	264,386,226
Restricted Assets - Investments	<u>48,361,205</u>
Total investments	<u>312,747,431</u>
Total cash and cash equivalents and investments	<u><u>\$479,154,384</u></u>

**B. Component units:**

Cash and cash equivalents:	
Deposits	\$ 11,657,299
Cash on hand	<u>4,712</u>
Sub-total cash and cash equivalents	<u>11,662,011</u>
Investments:	
Deposits	966,711
Investments	<u>305,400</u>
Sub-total investments	<u>1,272,111</u>
Cash, cash equivalents and investments, December 31, 2004	<u><u>\$ 12,934,122</u></u>

Summary of "Cash and cash equivalents" and "Investments" for Component Units on the Statement of Net Assets:

Current Assets - Cash and cash equivalents	\$ 11,410,323
Restricted Assets - Cash and cash equivalents	<u>251,688</u>
Total cash and cash equivalents	<u>11,662,011</u>
Current Assets - Investments	<u>1,272,111</u>
Total cash and cash equivalents and investments	<u><u>\$ 12,934,122</u></u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2004**

EXHIBIT A - 15  
 (Continued)

**NOTE 3 - Cash, Cash Equivalents, and Investments (Continued)**

**e. Cash, Cash Equivalents and Investments Summary (Continued)**

2. The following is a reconciliation of the carrying amount of deposits and investments to "Cash and cash equivalents" and "Investments" for CPERS pension trust fund on the Statement of Fiduciary Net Assets.

Cash and cash equivalents:	
Deposits	\$ 5,028,036
Investments	<u>7,639,127</u>
Sub-total	12,667,163
Investments	<u>900,047,224</u>
Cash, cash equivalents and investments, December 31, 2004	<u>\$912,714,387</u>

**NOTE 4 - Property Taxes**

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be 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. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years. Year 2004 was a reassessment year.

The Sheriff of East Baton Rouge Parish, as provided by State Law (LRS 33:1435), is the official tax collector of general property taxes levied by the Parish and Parish Special Districts. By agreement, the Sheriff is also the tax collector for City property taxes for which he receives a commission of 4.5% of total taxes collected for the City. December tax collections remitted to the City-Parish by the Sheriff in January are reported as "Due From Other Governments."

The 2004 property tax calendar is as follows:

Levy date	August 25, 2004
Millage rates adopted	August 25, 2004
Tax bills mailed	November 30, 2004
Due date	December 31, 2004
Lien date	January 1, 2005

State Law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of one and one-fourth percent per month until the taxes are paid (LRS 47:2101). After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed (LRS 47:2181).

Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the entire tax roll less an estimate for uncollectible taxes is recorded as taxes receivable in the current calendar year. Uncollectible taxes are those taxes which based on past experience will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll.

At the governmental fund level: Property taxes that are measurable and available (receivable within the current period and collected within the current period or within 60 days thereafter to be used to pay liabilities of the current period) are recognized as revenue in the year of levy. Property taxes that are measurable, but not available, are recorded, net of estimated uncollectible amounts, as deferred revenues in the year of levy. Such deferred revenues are recognized as revenue in the fiscal year in which they become available.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 4 - Property Taxes (Continued)**

At the entity-wide level: Property taxes are recognized in the year of the levy net of uncollectible amounts.

**a. Property taxes receivable and estimated uncollectible taxes by fund type for the Primary Government are as follows:**

	Property Taxes <u>Receivable</u>	Estimated Uncollectible Property <u>Taxes</u>	Net Property Taxes <u>Receivable</u>
General Fund	\$ 3,586,669	\$ 494,508	\$ 3,092,161
Special Revenue Funds	<u>9,033,004</u>	<u>1,313,273</u>	<u>7,719,731</u>
Total	<u>\$12,619,673</u>	<u>\$1,807,781</u>	<u>\$10,811,892</u>

**b. Property taxes receivable and estimated uncollectible taxes for the Component Units are as follows:**

	Property Taxes <u>Receivable</u>	Estimated Uncollectible Property <u>Taxes</u>	Net Property Taxes <u>Receivable</u>
St. George Fire Protection District	\$ 240,545	\$191,139	\$ 49,406
Brownsfield Fire Protection District	74,854	13,905	60,949
Central Fire Protection District	394,483	52,000	342,483
E.B.R. Parish Fire Protection District No. 6	175,750	29,787	145,963
Eastside Fire Protection District	124,719	14,718	110,001
Alsen-St. Irma Lee Fire Protection District	<u>75,305</u>	<u>5,777</u>	<u>69,528</u>
Total	<u>\$1,085,656</u>	<u>\$307,326</u>	<u>\$778,330</u>

**NOTE 5 - Federal and State Financial Assistance**

**a. Grants From Other Governments and Private Developers**

Federal and State grant programs represent an important source of funding to finance housing, employment, construction, and social programs which are beneficial to the City and the Parish. These funds are recorded in the Special Revenue, Capital Projects, and Enterprise Funds. A grant appropriation is recorded when an approved contract is authorized with the funding agency through the "Grants Review Process." Receivables are established when eligible expenditures are incurred. The grants normally specify the purpose for which funds may be used and federal grants are audited annually in accordance with Office of Management and Budget Circular A-133 under the "Single Audit Concept." The grant programs are also 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 material contingent liability for reimbursement which may arise as the result of these audits is recorded in accordance with FASB Statement No. 5, *Accounting for Contingencies*.

During 2004, the following amounts under various grants and entitlements are recorded as revenues, subsidies, or contributions in the accompanying fund financial statements:

	Federal and State Operating Grants <u>and Capital Contributions</u>	Private Capital <u>Contributions</u>
<b>Primary Government:</b>		
Governmental activities:		
Capital Projects Fund	\$ 6,463,389	\$ --
Non-major governmental funds	36,095,564	--

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 5 - Federal and State Financial Assistance (Continued)**

**a. Grants From Other Governments and Private Developers (Continued)**

	<u>Federal and State Operating Grants and Capital Contributions</u>	<u>Private Capital Contributions</u>
<b>Primary Government (Continued):</b>		
Business-type funds:		
Greater Baton Rouge Airport District	\$22,281,502	\$ 40,000
Comprehensive Sewerage System Fund	411,594	22,639,645
Non-major business-type funds	<u>6,765,400</u>	<u>--</u>
<b>Total primary government</b>	<b><u>\$72,017,449</u></b>	<b><u>\$22,679,645</u></b>
<b>Component Units:</b>		
District Attorney of the Nineteenth Judicial District	\$ 772,586	
Nineteenth Judicial District Court	16,649	
E.B.R. Parish Juvenile Court	3,922	
Nineteenth Judicial District Indigent Defender Board	327,059	
Central Fire Protection District	65,846	
Pride Fire Protection District	11,525	
Chaneyville Fire Protection District	34,364	
Alsen-St. Irma Lee Fire Protection District	18,142	
Capital Region Planning Commission	778,025	
Capital Area Transit System	<u>5,013,510</u>	
<b>Total component units</b>	<b><u>\$ 7,041,628</u></b>	

**b. On-Behalf Payments for Salaries and Benefits**

GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance* requires the City-Parish to report and disclose in the financial statements on-behalf salary and fringe benefit payments made by the State of Louisiana to certain groups of City-Parish employees.

Supplementary salary payments are made by the state directly to certain groups of employees. City-Parish is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure (expense) payments is the actual contribution made by the state. For 2004, the state paid supplemental salaries to the following groups of employees of the primary government: fire and law enforcement employees, city court judges, and employees of the Registrar of Voters' Office. The state also paid supplemental salaries for employees of the Nineteenth Judicial District Attorney, judges salaries and benefits for the three court systems and state supplemental salaries of the parish fire protection district component units.

LRS 33:7392 provides for a percentage of property taxes collected in East Baton Rouge Parish to be remitted to the State Municipal Employees' Retirement System (MERS). The statute further provides for MERS to distribute these funds back to the City-Parish Employees' Retirement System and the Cities of Zachary and Baker Retirement Systems. On-behalf payments recorded as revenues and expenditures (expenses) in the 2004 financial statements are as follows:

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 5 - Federal and State Financial Assistance (Continued)**

**b. On-Behalf Payments for Salaries and Benefits (Continued)**

	<u>State Supplemental Salaries</u>	<u>MERS Contribution</u>	<u>Total 2004 On-Behalf Payments</u>
<b>Primary Government:</b>			
Governmental activities	\$4,528,442	\$560,718	\$5,089,160
Business-type activities	<u>75,599</u>	<u>--</u>	<u>75,599</u>
Total primary government	<u>4,604,041</u>	<u>560,718</u>	<u>5,164,759</u>
<b>Component Units:</b>			
<i>District Attorney of the Nineteenth</i>			
Judicial District	1,422,674	--	1,422,674
Nineteenth Judicial District Court	1,876,273	--	1,876,273
E.B.R. Parish Family Court	500,339	--	500,339
E.B.R. Parish Juvenile Court	250,170	--	250,170
St. George Fire Protection District	305,250	--	305,250
Brownsfield Fire Protection District	10,800	--	10,800
Central Fire Protection District	43,200	--	43,200
E.B.R. Parish Fire Protection District No. 6	47,460	--	47,460
Eastside Fire Protection District	<u>7,200</u>	<u>--</u>	<u>7,200</u>
Total component units	<u>4,463,366</u>	<u>--</u>	<u>4,463,366</u>
Total on-behalf payments	<u>\$9,067,407</u>	<u>\$560,718</u>	<u>\$9,628,125</u>

**NOTE 6 - Capital Assets**

**a. Primary government capital asset activity for the year ended December 31, 2004, was as follows:**

	<u>Balance 1/1/2004</u>	<u>Increases</u>	<u>Adjustments and Decreases</u>	<u>Balance 12/31/2004</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land and right-of-way:	\$ 77,044,051	\$ 2,420,704	\$ 915,000	\$ 80,379,755
<i>Construction work in progress</i>	<u>37,243,486</u>	<u>20,997,695</u>	<u>(7,884,647)</u>	<u>50,356,534</u>
Total capital assets not being depreciated	<u>114,287,537</u>	<u>23,418,399</u>	<u>(6,969,647)</u>	<u>130,736,289</u>
Capital assets being depreciated:				
Buildings	184,170,304	7,683,288	1,726,349	193,579,941
Improvements (other than buildings) and infrastructure	358,789,306	8,598,348	11,010,632	378,398,286
Equipment and equipment under lease	<u>69,465,227</u>	<u>8,367,517</u>	<u>(5,969,072)</u>	<u>71,863,672</u>
Total capital assets being depreciated	<u>612,424,837</u>	<u>24,649,153</u>	<u>6,767,909</u>	<u>643,841,899</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 6 - Capital Assets (Continued)**

**a. Primary government capital asset activity for the year ended December 31, 2004 (Continued):**

	<u>Balance</u> <u>1/1/2004</u>	<u>Additions</u>	<u>Adjustments</u> <u>and</u> <u>Deletions</u>	<u>Balance</u> <u>12/31/2004</u>
<b>Governmental Activities (Continued):</b>				
Less accumulated depreciation for:				
Buildings	\$ (97,278,445)	\$(5,496,189)	\$ 76,385	\$ (102,698,249)
Improvements (other than buildings) and infrastructure	(178,475,115)	(12,651,709)	--	(191,126,824)
Equipment and equipment under lease	<u>(51,494,428)</u>	<u>(8,603,859)</u>	<u>5,776,998</u>	<u>(54,321,289)</u>
Total accumulated depreciation	<u>(327,247,988)</u>	<u>(26,751,757)</u>	<u>5,853,383</u>	<u>(348,146,362)</u>
Total capital assets being depreciated, net	<u>285,176,849</u>	<u>(2,102,604)</u>	<u>12,621,292</u>	<u>295,695,537</u>
Total governmental activities capital assets, net	<u>\$399,464,386</u>	<u>\$21,315,795</u>	<u>\$ 5,651,645</u>	<u>\$426,431,826</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land and right-of-way	\$ 69,322,416	\$ 2,069,793	\$ 36,789	\$ 71,428,998
Construction work in progress	<u>35,104,174</u>	<u>14,516,728</u>	<u>(25,919,640)</u>	<u>23,701,262</u>
Total capital assets not being depreciated	<u>104,426,590</u>	<u>16,586,521</u>	<u>(25,882,851)</u>	<u>95,130,260</u>
Capital assets being depreciated:				
Buildings	115,307,861	16,042,269	20,380,762	151,730,892
Improvements (other than buildings) and infrastructure	664,017,779	34,693,496	23,687,602	722,398,877
Equipment	<u>11,877,683</u>	<u>1,177,290</u>	<u>(864,892)</u>	<u>12,190,081</u>
Total capital assets being depreciated	<u>791,203,323</u>	<u>51,913,055</u>	<u>43,203,472</u>	<u>886,319,850</u>
Less accumulated depreciation for:				
Buildings	(45,810,415)	(4,196,248)	--	(50,006,663)
Land-noise mitigation	(56,150)	(230,668)	--	(286,818)
Improvements (other than buildings) and infrastructure	(253,314,586)	(29,791,235)	--	(283,105,821)
Equipment	<u>(9,382,519)</u>	<u>(1,063,543)</u>	<u>854,404</u>	<u>(9,591,658)</u>
Total accumulated depreciation	<u>(308,563,670)</u>	<u>(35,281,694)</u>	<u>854,404</u>	<u>(342,990,960)</u>
Total capital assets being depreciated, net	<u>482,639,653</u>	<u>16,631,361</u>	<u>44,057,876</u>	<u>543,328,890</u>
Total business-type activities capital assets, net	<u>\$587,066,243</u>	<u>\$33,217,882</u>	<u>\$18,175,025</u>	<u>\$638,459,150</u>

During 2004, beginning net assets were restated for donated infrastructure assets consisting of street and drainage projects accepted into the City-Parish maintenance between the years 1991 through 2000. A historical cost of \$51.3 million were capitalized to general capital assets with an accumulated depreciation recorded as of December 31, 2003, of approximately \$14.7 million for a net restatement of \$36.6 million.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 6 - Capital Assets (Continued)**

b. Depreciation expense was charged to functions of the primary government as follows:

**Governmental Activities:**

Governmental fund-types:	
General government	\$ 1,568,779
Public safety	6,816,321
Transportation	12,855,823
Sanitation	21,703
Health and welfare	288,646
Culture and recreation	1,720,664
Conservation and development	609,844
Internal service fund capital assets are charged to the various functions based on their usage of the assets	<u>2,869,977</u>
Total depreciation expense - governmental activities	<u><u>\$26,751,757</u></u>

**Business-Type Activities:**

Airport	\$ 5,734,056
Sewer	26,884,744
Non-major business-type activities	<u>2,662,894</u>
Total depreciation expense - business-type activities	<u><u>\$35,281,694</u></u>

c. Construction work in progress for the governmental activities of the primary government is composed of the following:

	<u>Project Authorization</u>	<u>Capitalized to Date</u>	<u>Balance in Construction Work In Progress 12/31/2004</u>	<u>Committed</u>	<u>Estimated Required Future Financing</u>
<b>Capital Projects Fund:</b>					
Miscellaneous Capital					
Improvements	\$ 83,704,538	\$ 54,280,665	\$ 2,478,465	\$ 1,945,971	None
Capital Improvement	73,877,091	63,867,531	419,597	701,700	None
Road and Street Improvement (Dedicated Sales Tax)	134,229,000	47,901,056	38,106,852	18,897,956	None
LA DOTD Grants Capital Projects	44,372,147	27,125,054	4,107,277	3,896,250	None
Judicial Building Project	2,500,000	--	43,952	--	47,500,000
Downtown Signage/Visitor's Amenities Program	473,538	--	44,551	305,449	2,300,000
General Capital Expenditures	23,002,968	14,902,146	1,223,402	1,314,840	None
Community Development	5,921,591	437,808	2,699,929	260,029	None
General Government	6,478,567	1,997,312	77,970	20,990	None
Street Improvements	5,149,771	403,305	1,114,192	39,121	None
Mosquito and Rodent Control	<u>877,347</u>	<u>626,442</u>	<u>40,347</u>	<u>60,053</u>	None
Total	<u><u>\$380,586,558</u></u>	<u><u>\$211,541,319</u></u>	<u><u>\$50,356,534</u></u>	<u><u>\$27,442,359</u></u>	

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 6 - Capital Assets (Continued)**

d. Construction work in progress at December 31, 2004, for primary government enterprise funds is composed of the following:

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Capitalized</u>	<u>Balance in Construction Work in Progress 12/31/04</u>
<b>Greater Baton Rouge Airport District:</b>				
Miscellaneous project costs	\$ 736,314	\$ 736,314	\$ 28,695	\$ 707,619
Terminal access road	201,018	201,018	--	201,018
Runway and apron improvements	32,304	32,304	--	32,304
Noise mitigation projects	<u>2,396,710</u>	<u>73,770</u>	<u>--</u>	<u>73,770</u>
Total	<u>3,366,346</u>	<u>1,043,406</u>	<u>28,695</u>	<u>1,014,711</u>
<b>Comprehensive Sewerage System Fund:</b>				
South wastewater treatment plant ballasted flocculation unit	1,528,000	53	--	53
Central wastewater treatment plant Outfall line replacement	4,081,176	349,715	77,995	271,720
Miscellaneous treatment plant improvements	2,216,551	1,837,732	1,519,349	318,383
Rehabilitation construction	59,571,091	50,444,444	47,786,908	2,657,536
Sanitary sewer overflow correction action plan	170,454,626	39,554,291	21,382,360	18,171,931
Trunkline system	93,016,117	91,173,757	91,121,745	52,012
Telemetry system	1,354,026	217,272	--	217,272
Supplemental environmental projects	<u>4,829,903</u>	<u>2,931,880</u>	<u>2,885,685</u>	<u>46,195</u>
Total	<u>337,051,490</u>	<u>186,509,144</u>	<u>164,774,042</u>	<u>21,735,102</u>
<b>Non-major business-type activities:</b>				
<b>Baton Rouge River Center Fund:</b>				
River Center expansion project	26,849,412	22,717,148	22,717,148	--
Expansion-from Capital Projects Fund	18,072,111	15,255,309	15,255,309	--
Miscellaneous building improvements	4,820	2,066	--	2,066
Total	<u>44,926,343</u>	<u>37,974,523</u>	<u>37,972,457</u>	<u>2,066</u>
<b>Greater Baton Rouge Parking Authority:</b>				
Construction of arts block parking garage	<u>2,500,000</u>	<u>949,383</u>	<u>--</u>	<u>949,383</u>
Total non-major business-type activities	<u>47,426,343</u>	<u>38,923,906</u>	<u>37,972,457</u>	<u>951,449</u>
<b>Total-all enterprise funds</b>	<b><u>\$387,844,179</u></b>	<b><u>\$226,476,456</u></b>	<b><u>\$202,775,194</u></b>	<b><u>\$23,701,262</u></b>

Total construction period interest costs of \$271,555 were capitalized in 2004 in the Comprehensive Sewerage System Fund. Construction period interest costs of \$2,128,229 from the current and previous fiscal years remain in Construction Work in Progress at December 31, 2004.

During 2001, the City-Parish entered into a Consent Decree with U.S. Environmental Protection Agency (EPA) to remedy violations of the Clean Water Act and National Pollution Discharge Elimination System (NPDES) permits issued to the City-Parish for its sewerage treatment plants. The Consent Decree requires the City-Parish to achieve and maintain compliance with its NPDES permits and the Clean Water Act.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 6 - Capital Assets (Continued)**

**d. Construction work in progress at December 31, 2004, for primary government enterprise funds (Continued):**

The Consent Decree requires the City-Parish to complete a construction program to reduce sanitary sewer overflows by December 31, 2014. The City-Parish selected construction "Alternate 7" to correct the sanitary sewer overflow problem. This alternate will require the City-Parish to institute a \$618 million construction program involving the construction of a large storage basin, deep underground gravity sewers, three ballasted flocculation waste water treatment facilities, storage tanks in outlying areas of the Parish, and rehabilitation of selected areas of the sanitary sewer collection system.

In early 2005 the City-Parish, with the permission of EPA, began studying another construction alternative that will focus on system wide rehabilitation as opposed to deep tunnels and storage. This alternative is in the planning stages and will be finalized and presented to EPA sometime in 2005 for their review and consideration.

**e. A summary of changes in capital assets for component units is as follows:**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balance End of Year</u>
<b><u>District Attorney of the Nineteenth Judicial District</u></b>				
Equipment	\$ 1,470,594	\$ 170,465	\$ (60,830)	\$ 1,580,229
Less: accumulated depreciation	<u>(1,186,829)</u>			<u>(1,319,477)</u>
Total District Attorney of the Nineteenth Judicial District	<u>\$ 283,765</u>			<u>\$ 260,752</u>
<b><u>Nineteenth Judicial District Court</u></b>				
Equipment	\$ 855,068	\$ 5,994	\$ --	\$ 861,062
Less: accumulated depreciation	<u>(588,862)</u>			<u>(631,737)</u>
Total Nineteenth Judicial District Court	<u>\$ 266,206</u>			<u>\$ 229,325</u>
<b><u>E.B.R. Parish Family Court</u></b>				
Equipment	\$ 286,420	\$ 17,675	\$ --	\$ 304,095
Less: accumulated depreciation	<u>(238,608)</u>			<u>(257,318)</u>
Total E.B.R. Parish Family Court	<u>\$ 47,812</u>			<u>\$ 46,777</u>
<b><u>E.B.R. Parish Juvenile Court</u></b>				
Equipment	\$ 369,367	\$ 27,136	\$ (22,071)	\$ 374,432
Less: accumulated depreciation	<u>(298,216)</u>			<u>(311,300)</u>
Total E.B.R. Parish Juvenile Court	<u>\$ 71,151</u>			<u>\$ 63,132</u>
<b><u>Nineteenth Judicial District</u></b>				
<b><u>Indigent Defender Board</u></b>				
Equipment	\$ 140,455	\$ 710	\$ --	\$ 141,165
Less: accumulated depreciation	<u>(93,335)</u>			<u>(103,687)</u>
Total Nineteenth Judicial District Indigent Defender Board	<u>\$ 47,120</u>			<u>\$ 37,478</u>
<b><u>E.B.R. Parish Clerk of Court</u></b>				
Equipment	\$ 4,966,757	\$1,022,294	\$ (4,893)	\$ 5,984,158
Less: accumulated depreciation	<u>(2,352,838)</u>			<u>(2,674,790)</u>
Total E.B.R. Parish Clerk of Court	<u>\$ 2,613,919</u>			<u>\$ 3,309,368</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 6 - Capital Assets (Continued)**

**e. A summary of changes in capital assets for component units (Continued):**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balance End of Year</u>
<b><u>E.B.R. Parish Coroner</u></b>				
Equipment	\$ 139,751	\$ 49,616	\$ --	\$ 189,367
Less: accumulated depreciation	<u>(89,243)</u>			<u>(112,660)</u>
Total E.B.R. Parish Coroner	<u>\$ 50,508</u>			<u>\$ 76,707</u>
<b><u>St. George Fire Protection District</u></b>				
Land	\$ 289,531	\$ --	\$ --	\$ 289,531
Buildings	1,330,694	1,799	--	1,332,493
Equipment	3,550,121	92,106	(20,563)	3,621,664
Construction work in progress	<u>37,958</u>	<u>549,997</u>	<u>--</u>	<u>587,955</u>
Total	5,208,304	643,902	(20,563)	5,831,643
Less: accumulated depreciation	<u>(2,202,645)</u>			<u>(2,460,596)</u>
Total St. George Fire Protection District	<u>\$ 3,005,659</u>			<u>\$ 3,371,047</u>
<b><u>Brownsfield Fire Protection District</u></b>				
Land	\$ 18,592	\$ --	\$ --	\$ 18,592
Buildings	88,673	2,850	--	91,523
Equipment	246,215	66,978	--	313,193
Equipment under capital leases	<u>48,980</u>	<u>--</u>	<u>(48,980)</u>	<u>--</u>
Total	402,460	69,828	(48,980)	423,308
Less: accumulated depreciation	<u>(245,910)</u>			<u>(303,523)</u>
Total Brownsfield Fire Protection District	<u>\$ 156,550</u>			<u>\$ 119,785</u>
<b><u>Central Fire Protection District</u></b>				
Land	\$ 159,018	\$ 105,000	\$ --	\$ 264,018
Buildings	859,927	62,150	--	922,077
Equipment	1,427,200	489,555	(28,518)	1,888,237
Equipment under capital leases	<u>437,604</u>	<u>--</u>	<u>(437,604)</u>	<u>--</u>
Total	2,883,749	656,705	(466,122)	3,074,332
Less: accumulated depreciation	<u>(1,262,473)</u>			<u>(1,352,917)</u>
Total Central Fire Protection District	<u>\$ 1,621,276</u>			<u>\$ 1,721,415</u>
<b><u>E.B.R. Parish Fire Protection District No. 6</u></b>				
Land	\$ 43,000	\$ --	\$ --	\$ 43,000
Buildings	456,930		--	456,930
Equipment	635,569	39,180	(37,603)	637,146
Equipment under capital leases	<u>534,526</u>	<u>--</u>	<u>--</u>	<u>534,526</u>
Total	1,670,025	39,180	(37,603)	1,671,602
Less: accumulated depreciation	<u>(751,815)</u>			<u>(813,760)</u>
Total E.B.R. Parish Fire Protection District No. 6	<u>\$ 918,210</u>			<u>\$ 857,842</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 6 - Capital Assets (Continued)**

**e. A summary of changes in capital assets for component units (Continued):**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balance End of Year</u>
<b><u>Eastside Fire Protection District</u></b>				
Land	\$ 151,360	\$ --	\$ --	\$ 151,360
Buildings	1,522,429	--	--	1,522,429
Equipment	715,715	200,854	341,113	1,257,682
Equipment under capital leases	<u>440,613</u>	<u>43,643</u>	<u>(341,113)</u>	<u>143,143</u>
Total	2,830,117	244,497	--	3,074,614
Less: accumulated depreciation	<u>(845,438)</u>			<u>(969,569)</u>
Total Eastside Fire Protection District	<u>\$ 1,984,679</u>			<u>\$ 2,105,045</u>
<b><u>Pride Fire Protection District</u></b>				
Land	\$ 15,000	\$ --	\$ --	\$ 15,000
Buildings	135,353	--	--	135,353
Equipment	<u>180,146</u>	<u>35,800</u>	--	<u>215,946</u>
Total	330,499	35,800	--	366,299
Less: accumulated depreciation	<u>(158,786)</u>			<u>(187,470)</u>
Total Pride Fire Protection District	<u>\$ 171,713</u>			<u>\$ 178,829</u>
<b><u>Chaneyville Fire Protection District</u></b>				
Buildings	\$ 109,334	\$ --	\$ --	\$ 109,334
Equipment	<u>229,984</u>	--	<u>(8,000)</u>	<u>221,984</u>
Total	339,318	--	(8,000)	331,318
Less: accumulated depreciation	<u>(277,350)</u>			<u>(310,602)</u>
Total Chaneyville Fire Protection District	<u>\$ 61,968</u>			<u>\$ 20,716</u>
<b><u>Alsen-St. Irma Lee Fire Protection District</u></b>				
Land	\$ 9,000	\$ --	\$ --	\$ 9,000
Buildings	256,496	--	--	256,496
Equipment	203,024	7,800	--	210,824
Equipment under capital leases	<u>256,663</u>	--	--	<u>256,663</u>
Total	725,183	7,800	--	732,983
Less: accumulated depreciation	<u>(336,077)</u>			<u>(439,803)</u>
Total Alsen-St. Irma Lee Fire Protection District	<u>\$ 389,106</u>			<u>\$ 293,180</u>
<b><u>Capital Region Planning Commission</u></b>				
Equipment	\$ 357,382	\$ 26,170	\$ --	\$ 383,552
Less: accumulated depreciation	<u>(299,802)</u>			<u>(327,132)</u>
Total Capital Region Planning Commission	<u>\$ 57,580</u>			<u>\$ 56,420</u>
<b><u>Capital Area Transit System</u></b>				
Equipment	\$ 12,095,607	\$8,718,957	\$(104,794)	\$ 20,709,770
Less: accumulated depreciation	<u>(7,551,191)</u>			<u>(8,201,191)</u>
Total Capital Transportation Corporation	<u>\$ 4,544,416</u>			<u>\$ 12,508,579</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 6 - Capital Assets (Continued)**

**e. A summary of changes in capital assets for component units (Continued):**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balance End of Year</u>
Total component units capital assets	\$ 35,071,056	<u>\$11,736,729</u>	\$(773,856)	\$ 46,033,929
Less: total accumulated depreciation	<u>(18,779,418)</u>			<u>(20,777,532)</u>
Total component units capital assets, net	<u>\$ 16,291,638</u>			<u>\$ 25,256,397</u>

**NOTE 7 - Employees' Retirement Systems**

**a. Primary Government**

**1. Plan Description and Provisions**

The City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS), a separate legal entity, administers a cost-sharing multiple-employer defined benefit pension plan. The participating local government employers include:

- City of Baton Rouge, Parish of East Baton Rouge
- District Attorney of the Nineteenth Judicial District
- Nineteenth Judicial District Court
- E.B.R. Parish Family Court
- E.B.R. Parish Juvenile Court
- E.B.R. Parish Coroner
- St. George Fire Protection District
- Brownsfield Fire Protection District
- Central Fire Protection District
- E.B.R. Parish Fire Protection District No. 6
- Eastside Fire Protection District
- East Baton Rouge Recreation and Park Commission (BREC) \*

\*Related Organization under GASB 14

The CPERS Retirement System is reported as a blended component unit of City-Parish as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. Since the Retirement System is part of the City-Parish's reporting entity, its financial statements are included as a Fiduciary Fund (pension trust fund) in the basic financial statements of the primary government.

The Retirement System was created by The Plan of Government and is governed by a seven member Board of Trustees. The board is responsible for administering the assets of the system and for making policy decisions regarding investments. The trustees are members of the Retirement System, except as noted below, and are selected in the following manner: 1) two are elected from non-police and non-fire department employees; 2) one trustee each is elected from the Police and Fire Departments; 3) two people with business and accounting experience are appointed by the Metropolitan Council; 4) one is appointed by the Mayor-President. The two trustees appointed by the Metropolitan Council and the one appointed by the Mayor-President may or may not be members of the Retirement System. This is dependent on whether or not the appointees are City-Parish employees. All administrative expenses of the Retirement System are paid from funds of the system.

The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information which includes the regular account and the police guaranty trust account. Both trust accounts are administered by the CPERS Board. The financial report may be obtained by writing to:

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 7 - Employees' Retirement Systems (Continued)**

**a. Primary Government (Continued)**

**1. Plan Description and Provisions (Continued)**

Jeffrey R. Yates  
Retirement Administrator  
Employees' Retirement System  
P.O. Box 1471  
Baton Rouge, LA 70821-1471

The Retirement System reports its financial activities under the provisions of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. All required disclosures are included in their separately issued report. The primary government (City-Parish), as stated previously, reports the Retirement System as a Pension Trust Fund and has adopted the reporting requirements for an employer under GASB Statement No. 25 and GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

Any person who becomes a regular full-time employee of the Primary Government, excluding commissioned law enforcement officers, becomes a member of the Retirement System as a condition of employment. An employee's benefit rights vest after the employee has been a member of the Retirement System for 10 years (Ordinance 10779).

Benefit payments are classified into two distinct categories: full retirement benefits and minimum eligibility benefits. The service requirements and benefits granted for each category are:

1. Full retirement benefits -
  - a. Granted with 25 years of service, regardless of age.
  - b. Defined as 3% of average compensation times the number of years of service.
2. Minimum eligibility benefits -
  - a. Granted with 20 years of service regardless of age; or at age 55 with 10 years of service.
  - b. Defined as 2.5% of average compensation times the number of years of service.

Average compensation is determined by the highest average compensation in 36 successive months. In the case of interrupted service, the periods immediately before and after the interruption may be joined to produce 36 successive months. Benefits paid to employees shall not exceed 90% of average compensation. Benefits are reduced by 3% for each year below age 55, if service is less than 25 years.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of the Retirement System are prepared using the accrual basis of accounting. Contributions from participating plan employers and their employees are recognized in the period in which employees provide services to the entity. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments**

The investments of the Retirement System are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 7 - Employees' Retirement Systems (Continued)**

**a. Primary Government (Continued)**

**3. Concentrations of Investments**

The Retirement System has no investments in any one organization representing 5% or more of the net assets available for pension benefits except for obligations of the federal government. There are no investments in loans to or leases with parties related to the pension plan. The investment activity of the Retirement System is subject to an investment policy adopted by the Board of Trustees and to oversight by the Board.

**4. Funding Policy**

The Plan of Government requires that the Retirement System be funded on an actuarially sound basis. Under the current plan, both employee and employer contributions are set by the CPERS board on an annual basis to properly fund the system. In 2004, employees made a mandatory contribution of 8.8% of gross earnings, while the employer contributed 14.50% of active payroll. The total employer contributions to CPERS for the primary government and component units for the year ended December 31, 2004, 2003, and 2002 were \$14,975,879, \$12,310,731 and \$10,456,342, respectively. This was equal to the statutorily required contributions. The City-Parish has no net pension obligation with respect to CPERS under GASB Statement No. 27 at December 31, 2004.

**5. Police Guarantee Trust**

The Police Guarantee Trust, a single-employer defined benefit pension plan, was established as part of CPERS on February 26, 2000, by the City-Parish and the City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS) as the result of the voluntary transfer of 637 public safety employees from CPERS to the Municipal Police Employees' Retirement System (MPERS). As a part of the transfer agreement, each officer signed a "Police Guarantee Agreement" with CPERS whereby each officer receives the same benefit he/she would have received if they had remained with CPERS. The CPERS Board of Trustees established a separate Police Guarantee Trust to administer benefits to the transferred officers. The benefits paid from the trust will equal the difference between the benefit the employee would have received from CPERS if the transfer had not taken place, and the benefit actually paid by MPERS. An initial investment of \$24.6 million was moved from the CPERS trust to the Police Guarantee Trust for the future administration of the benefits.

The December 31, 2004, actuarial valuation was conducted using the Aggregate Actuarial Cost Method, which does not identify or separately amortize unfunded actuarial liabilities. Under this method the excess actuarial present value of projected benefits of the group included in an actuarial valuation over the actuarial value of assets is allocated on a level basis over the earnings or service of the group between the valuation date and assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations. That portion of the actuarial present value allocated to a valuation year is called normal cost. The actuarial accrued liability is equal to the actuarial value of assets. The December 31, 2004, actuarial valuation concluded the trust had an actuarial loss of \$2,484,044, which will increase future normal costs by \$367,957. The allocation was based on earnings of the group. Significant actuarial assumptions include: (1) an investment return of 7.75% compounded annually on plan assets and (2) salary increases of 3.75% compounded annually due to inflation, longevity and merit increases. For the year ended December 31, 2004, the City-Parish made contributions of \$83,317 to the trust, equal to 74% of the annual required contribution. The Police Guaranty Trust had a cumulative net pension asset of \$217,959 at December 31, 2004.

**6. Municipal Police Employees' Retirement System (MPERS)**

The City-Parish contributes to the Municipal Police Employees' Retirement System (MPERS) Pension Plan, a cost sharing multiple-employer defined benefit pension plan administered by the MPERS Board of Trustees. MPERS covers any full-time *public safety officer employed by a participating municipality of the State of Louisiana and engaged in law enforcement*, empowered to make arrests, providing said officer does not have to pay social security. Section 6 of this note describes the transfer of 637 public safety officers from CPERS to MPERS, effective February 26, 2000. All new public safety officers hired by the City-Parish after February 26, 2000, are required to join MPERS as a condition of employment. MPERS benefits are established by state statutes and may be amended at the discretion of the State Legislature. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 7 - Employees' Retirement Systems (Continued)**

**a. Primary Government (Continued)**

**6. Municipal Police Employees' Retirement System (MPERS) (Continued)**

obtained by writing to the Board of Trustees of the Municipal Police Employees' Retirement System, 7722 Office Park Blvd., Suite 200, Baton Rouge, Louisiana 70809-7601.

**Funding Policy**

Contributions for all members and employers are established by state statute and may be amended by state statute when necessary. During 2004, Plan members contributed 7.5% of earned compensation while employers contributed 15.25% from January through June, and 21.50% from July through December. Earned compensation in the MPERS system excludes certain overtime, but includes state supplemental pay. The City-Parish's contributions to MPERS for the years ended December 31, 2004, 2003, and 2002, were \$5,254,962, \$3,175,100, and \$2,290,190, respectively. This was equal to the statutorily required contributions. The City-Parish had no net pension obligation with respect to MPERS under GASB Statement No. 27 at December 31, 2004.

**b. Component Units**

**1. Capital Area Transit System Pension Plan**

**a. Plan Description**

Employees of Capital Area Transit System (CATS) are members of the Capital Area Transit System Pension Trust Fund ("Plan"), a defined-benefit single employer pension plan. The Plan is administered by a local bank under the direction of a Board of Trustees. CATS issues a Comprehensive Annual Financial Report (CAFR) which includes the financial statements and required supplementary information for CATS's Pension Trust Fund. CATS has adopted the reporting provisions of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and has implemented GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*. CATS's financial reports may be obtained by writing to: Capital Area Transit System, Dwight Brashear, General Manager, 2250 Florida Boulevard, Baton Rouge, LA 70802.

Because CATS issues its own CAFR with detailed disclosures on the operations of its Pension Trust Fund and because said fund is immaterial to the Primary Government, the City-Parish has chosen to provide limited disclosure in accordance with the reporting provisions of GASB Statement No. 25 and No. 27. CATS pension trust fund is not reported in the fiduciary fund statements included as a basic financial statement of the primary government.

**b. Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of CATS's Pension Trust Fund are prepared using the accrual basis of accounting. Contributions from CATS and their employees are recognized in the period in which employees provide services to the entity. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments**

CATS's Pension Trust Fund investments, consisting of mutual funds, are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
NOTES TO THE FINANCIAL STATEMENTS  
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EXHIBIT A - 15  
(Continued)

**NOTE 7 - Employees' Retirement Systems (Continued)**

**b. Component Units (Continued)**

**1. Capital Area Transit System Pension Plan (Continued)**

b. Summary of Significant Accounting Policies (Continued)

Method Used to Value Investments (Continued)

The System's annual pension cost and net pension asset for the year ended December 31, 2004, was as follows:

Annual required contribution	\$ 174,075
Interest on net pension asset	(68,843)
Adjustment to annual required contribution	<u>92,832</u>
Annual pension cost	198,064
Contributions made	<u>383,084</u>
Increase (decrease) in net pension asset	185,020
Net pension asset beginning of year, restated	<u>983,464</u>
Net pension asset end of year	<u><u>\$1,168,484</u></u>

Trend Information for the Capital Area Transit System's  
Pension Trust Fund

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Asset</u>
12/31/04	\$198,064	187.0%	\$1,168,484
12/31/03	227,665	153.8	958,078
12/31/02	236,793	143.6	835,603

**2. District Attorney of the Nineteenth Judicial District Defined-Benefit Pension Plans**

The district attorney and assistant attorneys, whose salaries are paid by the State of Louisiana and the Office of the District Attorney, are members of the Louisiana District Attorneys' Retirement System. This retirement system is a multiple employer cost sharing, defined-benefit, statewide public employee retirement system administered and controlled by a separate board of trustees.

The Louisiana District Attorneys' Retirement System (LDARS) provides retirement benefits as well as disability and survivor benefits. Benefits are established and amended by state statute. The LDARS issues a publicly available financial report that includes financial statements and required supplementary information for the LDARS. That report may be obtained by writing to the Louisiana District Attorneys' Retirement System, 1645 Nicholson Drive, Baton Rouge, Louisiana 70802, or by calling (225) 267-4824.

Plan members are required to contribute 7.0% of their annual covered salary and the district attorney is required to contribute at an actuarially determined rate. Member contributions and employer contributions for the LDARS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. There were no employer contributions required for 2004, 2003, or 2002.

Certain other employees, whose salaries are paid by the Office of the District Attorney, are members of the City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System. Additional information on this system is included in Note 7(a)(1) above.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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EXHIBIT A - 15  
(Continued)

**NOTE 7 - Employees' Retirement Systems (Continued)**

**b. Component Units (Continued)**

**3. Nineteenth Judicial District Court Pension Plans**

Louisiana State Employees' Retirement System

The employees of the Commissioners' offices, whose salaries are paid from appropriations from the State of Louisiana, are members of the Louisiana State Employees' Retirement System ("System"), a cost-sharing, multiple-employer defined-benefit public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of state employees which is administered and controlled by a separate board of trustees. The system provides retirement and disability benefits, an annual cost-of-living adjustment, and death benefits to plan members and beneficiaries. The system was established and provided for within Louisiana Revised Statute Title 11 Chapter 401. The Louisiana State Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70804-4213.

Plan members are required by state statute to contribute 7.5% of gross salary to which the Commissioners' office adds 13.0% employer's match. The Commissioners' offices' statutory and actual contributions for the year ending June 30, 2004, 2003, and 2002 were \$52,732, \$42,996, and \$23,221, respectively.

Louisiana Clerk of Court Retirement and Relief Fund

Other court employees, whose salaries are expenditures of the Judicial Expense Fund are members of the Louisiana Clerk of Court Retirement and Relief Fund. See section b(5) of this note for disclosure on this multiple-employer cost-sharing PERS. The Nineteenth Judicial District Court's contributions to the system for the years ended June 30, 2004, 2003 and 2002, were \$175,609, \$30,988, and \$34,784, respectively, which was equal to the required contributions for each year.

**4. Nineteenth Judicial District Indigent Defender Board Pension Plan**

The Board contracted with A.G. Edwards in 1992 for a pension plan that paid 7.7% of the employees salary into a fully vested fund for each employee. This is a defined contribution plan and each employee will receive the amount in his individual fund at retirement. The Board pays all of the 7.7% contribution. There is no unfunded portion at December 31, 2004. Contributions during 2004, which were 100% funded, were \$107,736.

**5. East Baton Rouge Parish Clerk of Court Pension Plan**

Substantially all employees participate in the Louisiana Clerk of Courts Retirement and Relief Fund ("Fund"), a multiple-employer (cost-sharing), defined-benefit public employee retirement system (PERS), controlled and administered by a separate Board of Trustees. Plan members are required by state statute to contribute 8.25% of their annual covered salary and the E.B.R. Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 11.5% of covered payroll. Contributions also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. Contribution requirements of both members and employers are established and amended by state statute. The E.B.R. Clerk of Court's contributions to the system for the years ending June 30, 2004, 2003, and 2002, were \$657,043, \$534,141, and \$498,839, respectively. These contributions were equivalent to the required contributions for each fiscal year.

Effective July 1, 1999, the East Baton Rouge Parish Clerk of Court could elect to pay all or a portion of the 8.25% employee retirement contribution which would otherwise be deducted from the employees' salary. This election can be changed annually by the Clerk. The East Baton Rouge Parish Clerk of Court elected to implement this policy for the years ended June 30, 2004, 2003, and 2002. The contributions to the System under this election were \$453,770, \$429,793 and \$403,648, respectively.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, LA 70816.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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EXHIBIT A - 15  
(Continued)

**NOTE 8 - Postemployment Benefits**

City-Parish employees are eligible to continue participation in the government's health, dental and life insurance programs upon retirement.

**a. Health and Dental Benefits**

All classified and unclassified employees of the City-Parish may at their option participate in the employees' group health and dental self insurance programs. Upon retirement, the employee may continue his coverage paying the same premiums and receiving the same benefits as active employees. Retirees may continue coverage in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972.

During 2004, the premium plan was funded with employees and retirees contributing 25%-38% of the premium and the City-Parish contributing 62%-75% of the premium, dependent upon the number of family members covered. The employer's portion of retiree health and dental insurance premiums historically have been paid by the general fund. Effective January 1, 2003, the current costs of these premiums have been allocated over all employers and funds that participate in the health and dental self-insurance programs.

During 2004, the government recognized expenditures for postretirement health and dental benefits as follows:

	<u>Average Number of Participants</u>	<u>Amount</u>
Health	1,815	\$8,307,918
Dental	1,565	465,775

**b. Life Insurance Benefits**

In accordance with City Resolution 5942 and Parish Resolution 12478 adopted by the respective councils on April 14, 1976, all City-Parish employees who retired after May 1, 1976, have \$3,000 of term life insurance coverage. As of December 31, 2004, approximately 1,841 retirees had the \$3,000 coverage with Prudential Life Insurance Company.

The cost of this insurance is paid by the City-Parish through an actuarially determined monthly assessment of 70 cents per active employee. The premium is paid into an Insurance Continuance Fund Account. At December 31, 2004, the balance in the Insurance Continuance Account was \$107,415.

**NOTE 9 - Risk Management**

**a. Types of Risk**

The City-Parish is self-insured for unemployment compensation, workers' compensation, general liability, automobile liability, and police liability, including liability for probation officers and constables.

For fire and extended coverage, the City-Parish is self-insured for buildings and contents owned by the City-Parish with a combined value of less than \$1,000,000 and carries an insurance policy for losses with a combined \$1,000,000 deductible. There were no settlements that exceeded insurance coverage for the past three years.

**b. Accounting for Risk**

In accordance with GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and the 2002 *Codification of Governmental Accounting and Financial Reporting Standards* of the Governmental Accounting Standards Board, the City-Parish accounts for and reports risk management activities in the General Fund within the constraints of the modified accrual basis of accounting.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 9 - Risk Management (Continued)**

**b. Accounting for Risk (Continued)**

Claims paid under the City-Parish self-insurance risk program are recorded as expenditures against the General Fund. Annual fees based on reduced market premiums are charged to special revenue funds and proprietary fund types, with corresponding credits to General Fund expenditures. Long-term obligations that are not expected to be liquidated with expendable available financial resources are reported in the Government-wide Statement of Net Assets under governmental activities. In order to provide for a method of paying judgments and claims in a manner to permit reasonably current payments, encourage compromise, reduce or eliminate interest and court costs, and permit budgeting without risk of reducing funds needed for necessary services and programs, the City-Parish Metropolitan Council adopted a compromised judgements "only" policy on November 26, 2002. The policy was designed to minimize the effect of increasing judgements against the City of Baton Rouge, and Parish of East Baton Rouge, to balance the claims of each individual against the needs of the public interest and common good of the parish, and to avoid overburdening the local economy and its taxpaying citizens with new or increased taxes that are already needed for essential programs and services.

There were no major changes in outside insurance coverage for the year ended December 31, 2004.

**c. Contingent Liabilities - Claims and Judgments**

The City-Parish is a defendant in various tort claims and lawsuits involving general liability, automobile liability, personnel suits, and contractual matters. In accordance with FASB Statement No. 5, *Accounting for Contingencies*, litigation and other claims against the City-Parish for which there is at least a reasonable possibility of loss are estimated by the Parish Attorney as of the balance sheet date.

The estimated amount of liability is based on current Louisiana laws and judgments rendered in similar matters. FASB No. 5 requires the accrual of a loss contingency if it is probable that an asset has been impaired or a liability incurred, whether or not it has been reported, and that the amount of loss can be reasonably estimated. In accordance with GASB Statement No. 30, *Risk Financing Omnibus*, claims liabilities are based on an estimated ultimate cost of settling the claims, considering the effects of inflation, recent claim settlement trends and other social and economic factors, including the effects of specific incremental claim adjustment expenses, salvage and subrogation.

An amount of \$29,735,472 has been recorded as a long-term obligation on the Government-wide Statement of Net Assets for estimated claims and judgments for risk management purposes. Incremental claim costs as required by GASB Statement No. 30, *account for approximately 2% of that total. Subject to the aforementioned policy, it is the government's practice to pay claims and judgments against the City-Parish from available financial resources of the General Fund.*

**d. Employee Benefits**

The City-Parish is self-insured and maintains a premium plan for the group health and dental programs, providing medical and dental coverage to those City-Parish employees who choose to participate. During 2004, the minimum premium plan was funded with employees and retirees contributing 25%-38% of the premium and the City-Parish contributing 62%-75% of the premium, dependent upon the number of family members covered. The government's share of the health and dental premium in the self-insured program is charged to individual budget accounts. Claims paid by the government in excess of the premium base for any given year are covered 100% by the General Fund. Any surplus of premiums over claims within a single fiscal year are recognized as "transfers in" to the General Fund and increase Fund Balance Designated for Insurance.

The value of self-insured claims incurred but not reported or paid as of December 31, 2004, for group health and dental are estimated by the government's third party health care provider as follows:

Self-funded medical	\$3,743,526
Self-funded dental	<u>194,145</u>
Total estimate	<u>\$3,937,671</u>

This amount has been included in the Government-wide Statement of Net Assets for December 31, 2004.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 9 - Risk Management (Continued)**

**e. Changes in Liabilities for Claims**

The following is a reconciliation of changes in long-term claims payable for the years ended December 31, 2004, 2003, and 2002:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b><u>Claims and judgments payable:</u></b>			
Beginning balance	\$ 27,065,923	\$ 26,438,012	\$ 33,630,692
Additions:			
Claims incurred and new estimates	11,181,294	6,180,271	10,570,455
Deductions:			
Claims paid	(4,420,739)	(6,248,739)	(5,505,046)
Claims dismissed and changes in estimates	<u>(4,091,006)</u>	<u>696,379</u>	<u>(12,258,089)</u>
Ending balance	<u>\$ 29,735,472</u>	<u>\$ 27,065,923</u>	<u>\$ 26,438,012</u>
<b><u>Employee benefits payable:</u></b>			
Beginning balance	\$ 3,152,288	\$ 4,960,358	\$ 4,739,535
Additions:			
Claims incurred	39,778,721	35,434,473	38,979,492
Deductions:			
Claims paid	<u>(38,993,338)</u>	<u>(37,242,543)</u>	<u>(38,758,669)</u>
Ending balance	<u>\$ 3,937,671</u>	<u>\$ 3,152,288</u>	<u>\$ 4,960,358</u>

**f. Insurance Designation**

The City-Parish maintains a practice of designating a portion of General Fund fund balance for self-insurance purposes. The amount designated for insurance at December 31, 2004, was determined as follows:

Insurance Designation, January 1, 2004	\$25,116,116
Less: Appropriations from Insurance Designation for risk management purposes	(1,722,598)
Plus: Additional amount designated for insurance by authority of the Budget Ordinance	3,559,269
Plus: New designation for the Louisiana Patient's Compensation Fund for Emergency Medical Services	125,000
Interest earned on designated funds during 2004	<u>364,220</u>
Insurance Designation, December 31, 2004	<u>\$27,442,007</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt**

**a. Primary Government**

**1. Summary of Changes in Long-Term Debt**

Following is a summary of changes in long-term debt for the primary government for year 2004:

	<u>Balance</u> <u>1/1/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/04</u>	<u>Due Within</u> <u>One Year</u>
<b><u>Governmental Activities:</u></b>					
Excess revenue contracts, loans and notes	\$ 73,469,555	\$ --	\$ 1,831,000	\$ 71,638,555	\$ 1,879,000
Deferred gain on refunding	917,177	--	35,276	881,901	--
Revenue bonds payable, gross	118,485,000	--	10,375,000	108,110,000	10,895,000
Less: Intragovernment payable	(46,997,200)	--	(6,001,153)	(40,996,047)	(5,981,534)
Compensated absences payable	13,239,713	8,879,354	6,989,179	15,129,888	9,869,938
Obligation under capital leases (Note 10)	107,616	26,542	52,269	81,889	53,575
Claims and judgments payable (Note 9)	27,065,923	11,181,294	8,511,745	29,735,472	1,613,623
Employee benefits payable (Note 9)	<u>3,152,288</u>	<u>39,778,721</u>	<u>38,993,338</u>	<u>3,937,671</u>	<u>3,937,671</u>
Total governmental activities	<u>\$189,440,072</u>	<u>\$59,865,911</u>	<u>\$60,786,654</u>	<u>\$188,519,329</u>	<u>\$22,267,273</u>
<b><u>Business-Type Activities:</u></b>					
Excess revenue contracts, loans and notes	\$ 6,795,002	\$ 5,105,056	\$ 163,300	\$ 11,736,758	\$ 246,100
Revenue bonds payable	246,245,000	24,962,012	33,600,000	237,607,012	9,380,000
Net deferred amount on refunding and premiums	(1,902,988)	134,036	(278,544)	(1,490,408)	--
Revenue bonds payable from City issues	46,997,200	--	6,001,153	40,996,047	5,981,534
Landfill closure and postclosure care liability (Note 17)	11,057,551	1,107,014	--	12,164,565	--
Compensated absences payable	<u>1,058,055</u>	<u>537,922</u>	<u>300,622</u>	<u>1,295,355</u>	<u>1,295,355</u>
Total business-type activities	<u>\$310,249,820</u>	<u>\$31,846,040</u>	<u>\$39,786,531</u>	<u>\$302,309,329</u>	<u>\$16,902,989</u>

Internal service funds serve predominantly the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$164,423 of compensated absences for internal service funds is included in the above amount. Also, for the governmental activities, compensated absences and obligation under capital leases are liquidated by the governmental fund in which the liability is incurred. Claims and judgments payable and employee benefits payable are liquidated by the General Fund.

**2. Schedule of Bonds Payable**

The following is a schedule of bonds payable for the primary government at December 31, 2004:

	<u>Interest</u> <u>Dates</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Original</u> <u>Authorized</u> <u>and Issued</u>	<u>Outstanding</u>
<b><u>Governmental Activities:</u></b>					
<b><u>Excess revenue contracts, loans and notes</u></b>					
City of Baton Rouge:					
2002A Fixed Rate Taxable Refunding	01/15-07/15	05/17/02	01/15/2029	\$ 25,900,000	\$ 24,470,000
2002B Fixed Rate Taxable Refunding	01/15-07/15	10/01/02	01/15/2029	47,550,000	45,365,000
Parish of East Baton Rouge:					
LA Community Development Authority (LCDA)					
Advanced Traffic Mgt Bldg	Monthly	08/11/99	05/31/2018	<u>7,643,873</u>	<u>1,803,555</u>
Total excess revenue contracts, loans and notes				<u>81,093,873</u>	<u>71,638,555</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**a. Primary Government (Continued)**

**2. Schedule of Bonds Payable (Continued)**

	<u>Interest Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Original Authorized and Issued</u>	<u>Outstanding</u>
<b>Governmental Activities (Continued):</b>					
<b><u>Revenue bonds</u></b>					
City of Baton Rouge:					
1993 Public Improvement Sales Tax	02/01-08/01	10/01/93	08/01/2018	\$ 4,000,000	\$ 2,920,000
1997 Public Improvement Sales Tax	02/01-08/01	10/01/97	08/01/2017	19,325,000	7,310,000
1998A Public Improvement Sales Tax	02/01-08/01	11/01/98	08/01/2016	94,450,000	73,240,000
2001A Public Improvement Sales Tax	02/01-08/01	08/15/01	08/01/2026	23,625,000	22,305,000
Less: debt recorded in business-type activities				(103,245,452)	(40,996,047)
Parish of East Baton Rouge:					
1998C Public Improvement Sales Tax	02/01-08/01	11/01/98	08/01/2008	<u>4,600,000</u>	<u>2,335,000</u>
Total revenue bonds				<u>42,754,548</u>	<u>67,113,953</u>
Total governmental activities				<u>123,848,421</u>	<u>138,752,508</u>
<b><u>Business-Type Activities:</u></b>					
<b><u>Excess revenue contracts, loans and notes</u></b>					
City of Baton Rouge:					
LCDA loan (Airport) 2001	Monthly	10/04/01	11/30/2029	8,920,789	8,642,289
LCDA loan (Airport) 2004	Monthly	04/08/04	11/30/2029	2,565,426	2,559,226
Parish of East Baton Rouge:					
LCDA loan (Parking) 1999	Monthly	08/11/99	05/31/2018	<u>539,743</u>	<u>535,243</u>
Total excess revenue contracts, loans and notes				<u>12,025,958</u>	<u>11,736,758</u>
<b><u>Revenue bonds</u></b>					
City of Baton Rouge:					
Revenue bonds payable from City issues				103,245,452	40,996,047
Parish of East Baton Rouge:					
Sewer sales tax bonds:					
1995 Public Improvement Sales Tax	02/01-08/01	08/01/95	02/01/2020	36,000,000	770,000
1996 Public Improvement Sales Tax	02/01-08/01	03/01/96	02/01/2021	65,000,000	30,855,000
1998B Public Improvement Sales Tax	02/01-08/01	11/01/98	02/01/2016	16,825,000	14,635,000
1999 Public Improvement Sales Tax	02/01-08/01	08/01/99	02/01/2024	43,000,000	37,740,000
2001B Public Improvement Sales Tax	02/01-08/01	08/15/01	02/01/2026	20,000,000	19,855,000
2003 Public Improvement Sales Tax	02/01-08/01	04/01/03	02/01/2020	112,720,000	108,790,000
2004 Public Improvement Sales Tax	02/01-08/01	10/28/04	02/01/2021	24,865,000	24,865,000
DEQ 2004-A1 Sewer Revenue Bonds	04/01-10/01	11/12/04	04/01/2026	<u>97,012</u>	<u>97,012</u>
Total revenue bonds				<u>421,752,464</u>	<u>278,603,059</u>
Total business-type activities				<u>433,778,422</u>	<u>290,339,817</u>
Total all bonds, contracts, loans and notes				<u>\$ 557,626,843</u>	<u>\$429,092,325</u>

The City-Parish is in compliance with all legal debt covenants at December 31, 2004.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**a. Primary Government (Continued)**

**3. Changes in Bonds Payable**

	<u>Outstanding January 1, 2004</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding December 31, 2004</u>
<b>Governmental Activities:</b>				
<b><u>Excess revenue contracts, loans and notes</u></b>				
City of Baton Rouge:				
2002A Fixed Rate Taxable Refunding	\$ 25,035,000	\$ --	\$ 565,000	\$ 24,470,000
2002B Fixed Rate Taxable Refunding	46,300,000	--	935,000	45,365,000
Parish of East Baton Rouge:				
LCDA Advanced Traffic Mgt Bldg	<u>2,134,555</u>	<u>--</u>	<u>331,000</u>	<u>1,803,555</u>
Total excess revenue contracts, loans and notes	<u>73,469,555</u>	<u>--</u>	<u>1,831,000</u>	<u>71,638,555</u>
<b><u>Revenue bonds</u></b>				
City of Baton Rouge:				
1993 Public Improvement Sales Tax	3,060,000	--	140,000	2,920,000
1997 Public Improvement Sales Tax	9,410,000	--	2,100,000	7,310,000
1998A Public Improvement Sales Tax	80,375,000	--	7,135,000	73,240,000
2001A Public Improvement Sales Tax	22,780,000	--	475,000	22,305,000
Less: debt recorded in business- type activities	(46,997,200)	--	(6,001,153)	(40,996,047)
Parish of East Baton Rouge:				
1998C Public Improvement Sales Tax	<u>2,860,000</u>	<u>--</u>	<u>525,000</u>	<u>2,335,000</u>
Total revenue bonds	<u>71,487,800</u>	<u>--</u>	<u>4,373,847</u>	<u>67,113,953</u>
Total governmental activities	<u>144,957,355</u>	<u>--</u>	<u>6,204,847</u>	<u>138,752,508</u>
<b><u>Business-Type Activities:</u></b>				
<b><u>Excess revenue contracts, loans and notes</u></b>				
City of Baton Rouge:				
LCDA loan (Airport) 2001	6,795,002	1,999,887	152,600	8,642,289
LCDA loan (Airport) 2004	--	2,565,426	6,200	2,559,226
Parish of East Baton Rouge:				
LCDA loan (Parking) 1999	<u>--</u>	<u>539,743</u>	<u>4,500</u>	<u>535,243</u>
Total excess revenue contracts, loans and notes	<u>6,795,002</u>	<u>5,105,056</u>	<u>163,300</u>	<u>11,736,758</u>
<b><u>Revenue bonds</u></b>				
City of Baton Rouge:				
Revenue bonds payable from City issues	46,997,200	--	6,001,153	40,996,047
Parish of East Baton Rouge:				
Sewer sales tax bonds:				
1995 Public Improvement Sales Tax	1,475,000	--	705,000	770,000
1996 Public Improvement Sales Tax	57,805,000	--	26,950,000	30,855,000
1998B Public Improvement Sales Tax	15,565,000	--	930,000	14,635,000
1999 Public Improvement Sales Tax	38,780,000	--	1,040,000	37,740,000
2001B Public Improvement Sales Tax	19,900,000	--	45,000	19,855,000
2003 Public Improvement Sales Tax	112,720,000	--	3,930,000	108,790,000
2004 Public Improvement Sales Tax	--	24,865,000	--	24,865,000
DEQ 2004-A1 Sewer Revenue Bonds	<u>--</u>	<u>97,012</u>	<u>--</u>	<u>97,012</u>
Total revenue bonds	<u>293,242,200</u>	<u>24,962,012</u>	<u>39,601,153</u>	<u>278,603,059</u>
Total business-type activities	<u>300,037,202</u>	<u>30,067,068</u>	<u>39,764,453</u>	<u>290,339,817</u>
Total all bonds, contracts, loans and notes	<u>\$444,994,557</u>	<u>\$30,067,068</u>	<u>\$45,969,300</u>	<u>\$429,092,325</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**a. Primary Government (Continued)**

**4. Interest Requirements to Maturity**

The following is a summary of bonded debt at December 31, 2004, and interest requirements to maturity:

	<u>Debt Payable</u> <u>12/31/2004</u>	<u>Interest</u> <u>Requirements</u> <u>to Maturity</u>	<u>Total</u>
<b>Governmental Activities:</b>			
<u>Excess revenue contracts, loans and notes</u>			
City of Baton Rouge:			
2002A Fixed Rate Taxable Refunding (5.65%)**	\$ 24,470,000	\$ 20,045,472	\$ 44,515,472
2002B Fixed Rate Taxable Refunding (5.73%)**	45,365,000	39,130,942	84,495,942
Parish of East Baton Rouge:			
LCDA Advanced Traffic Mgt Bldg	<u>1,803,555</u>	<u>142,582</u>	<u>1,946,137</u>
Total excess revenue contracts, loans and notes	<u>71,638,555</u>	<u>59,318,996</u>	<u>130,957,551</u>
<u>Revenue bonds</u>			
City of Baton Rouge:			
1993 City Sales Tax (5.13%)*	2,920,000	1,204,415	4,124,415
1997 City Sales Tax (4.79%)*	7,310,000	1,524,962	8,834,962
1998A City Sales Tax (4.43%)**	73,240,000	20,111,225	93,351,225
2001A City Sales Tax (4.85%)**	22,305,000	14,138,554	36,443,554
Less: Debt recorded in business-type activities	(40,996,047)	(14,027,747)	(55,023,794)
Parish of East Baton Rouge:			
1998C Parish Sales Tax (4.11%)**	<u>2,335,000</u>	<u>245,721</u>	<u>2,580,721</u>
Total revenue bonds	<u>67,113,953</u>	<u>23,197,130</u>	<u>90,311,083</u>
Total governmental activities	<u>138,752,508</u>	<u>82,516,126</u>	<u>221,268,634</u>
<b>Business-Type Activities:</b>			
<u>Excess revenue contracts, loans and notes</u>			
City of Baton Rouge:			
LCDA loan (Airport) 2001	8,642,289	4,097,737	12,740,026
LCDA loan (Airport) 2004	2,559,226	1,213,477	3,772,703
Parish of East Baton Rouge:			
LCDA loan (Parking) 1999	<u>535,243</u>	<u>128,545</u>	<u>663,788</u>
Total excess revenue contracts, loans and notes	<u>11,736,758</u>	<u>5,439,759</u>	<u>17,176,517</u>
<u>Revenue bonds</u>			
City of Baton Rouge:			
Revenue bonds payable from City issues	40,996,047	14,027,747	55,023,794
Parish of East Baton Rouge:			
Sewer sales tax bonds:			
1995 Public Improvement Sewer Sales Tax (5.97%)*	770,000	30,800	800,800
1996 Public Improvement Sewer Sales Tax (5.66%)*	30,855,000	9,193,684	40,048,684
1998B Public Improvement Sewer Sales Tax (4.66%)**	14,635,000	4,664,850	19,299,850
1999 Public Improvement Sewer Sales Tax (5.69%)**	37,740,000	25,810,756	63,550,756
2001B Public Improvement Sewer Sales Tax (5.02%)**	19,855,000	15,545,600	35,400,600
2003 Public Improvement Sewer Sales Tax (4.04%)**	108,790,000	44,189,925	152,979,925
2004 Public Improvement Sewer Sales Tax (4.35%)**	24,865,000	16,983,927	41,848,927
DEQ 2004-A1 Sewer Revenue Bonds	<u>97,012</u>	<u>42,910</u>	<u>139,922</u>
Total revenue bonds	<u>278,603,059</u>	<u>130,490,199</u>	<u>409,093,258</u>
Total business-type activities	<u>290,339,817</u>	<u>135,929,958</u>	<u>426,269,775</u>
Total all bonds, contracts, loans and notes	<u>\$429,092,325</u>	<u>\$218,446,084</u>	<u>\$647,538,409</u>

\* Net interest cost (NIC)    \*\* True interest cost (TIC)

During 1998, the City-Parish changed its policy for awarding competitive bids for sales tax revenue bonds from net interest cost to true interest cost.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**a. Primary Government (Continued)**

**5. Debt Service Requirements to Maturity**

The annual requirements to amortize all bonded debt outstanding, including principal and interest, are as follows:

**Governmental Activities:**

<u>Year</u>	<u>Excess Revenue Contracts, Loans and Notes</u>			<u>Revenue Bonds</u>			<u>Total Governmental Activities</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2005	\$ 1,879,000	\$ 3,758,504	\$ 5,637,504	\$ 4,913,466	\$ 2,331,203	\$ 7,244,669	\$ 12,882,173
2006	1,935,000	3,704,865	5,639,865	5,615,603	2,191,198	7,806,801	13,446,666
2007	2,011,500	3,641,688	5,653,188	5,716,214	2,032,335	7,748,549	13,401,737
2008	2,093,500	3,569,100	5,662,600	4,732,249	1,888,889	6,621,138	12,283,738
2009	2,069,555	3,486,968	5,556,523	2,689,609	1,833,003	4,522,612	10,079,135
2010-2014	10,110,000	16,088,611	26,198,611	24,731,396	7,967,574	32,698,970	58,897,581
2015-2019	13,000,000	13,057,434	26,057,434	10,401,249	3,220,394	13,621,643	39,679,077
2020-2024	17,065,000	8,872,877	25,937,877	5,644,167	1,530,284	7,174,451	33,112,328
2025-2029	<u>21,475,000</u>	<u>3,138,949</u>	<u>24,613,949</u>	<u>2,670,000</u>	<u>202,250</u>	<u>2,872,250</u>	<u>27,486,199</u>
<b>Total</b>	<b><u>\$71,638,555</u></b>	<b><u>\$59,318,996</u></b>	<b><u>\$130,957,551</u></b>	<b><u>\$67,113,953</u></b>	<b><u>\$23,197,130</u></b>	<b><u>\$90,311,083</u></b>	<b><u>\$221,268,634</u></b>

**Business-Type Activities:**

<u>Year</u>	<u>Excess Revenue Contracts, Loans and Notes</u>			<u>Revenue Bonds</u>			<u>Total Business-Type Activities</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2005	\$ 246,100	\$ 364,030	\$ 610,130	\$ 15,361,534	\$ 14,467,401	\$ 29,828,935	\$ 30,439,065
2006	266,500	355,962	622,462	14,714,397	13,807,690	28,522,087	29,144,549
2007	278,300	347,456	625,756	15,676,533	12,916,816	28,593,349	29,219,105
2008	294,500	338,521	633,021	16,546,526	12,006,698	28,553,224	29,186,245
2009	311,800	329,025	640,825	17,484,299	11,016,455	28,500,754	29,141,579
2010-2014	1,826,300	1,484,530	3,310,830	77,940,294	40,627,714	118,568,008	121,878,838
2015-2019	2,278,943	1,160,474	3,439,417	79,474,519	20,626,127	100,100,646	103,540,063
2020-2024	2,738,300	774,394	3,512,694	38,396,444	4,871,101	43,267,545	46,780,239
2025-2029	<u>3,496,015</u>	<u>285,367</u>	<u>3,781,382</u>	<u>3,008,513</u>	<u>150,197</u>	<u>3,158,710</u>	<u>6,940,092</u>
<b>Total</b>	<b><u>\$11,736,758</u></b>	<b><u>\$5,439,759</u></b>	<b><u>\$17,176,517</u></b>	<b><u>\$278,603,059</u></b>	<b><u>\$130,490,199</u></b>	<b><u>\$409,093,258</u></b>	<b><u>\$426,269,775</u></b>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**a. Primary Government (Continued)**

**6. Future Year Obligations**

Principal and interest requirements of various bond issues for the year 2005 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
<b>Governmental Activities:</b>			
<u>Excess revenue contracts, loans and notes</u>			
City of Baton Rouge:			
2002A Fixed Rate Taxable Refunding	\$ 575,000	\$ 1,284,835	\$ 1,859,835
2002B Fixed Rate Taxable Refunding	960,000	2,421,780	3,381,780
Parish of East Baton Rouge:			
LA Community Development Authority	<u>344,000</u>	<u>51,889</u>	<u>395,889</u>
Total excess revenue contracts, loans and notes	<u>1,879,000</u>	<u>3,758,504</u>	<u>5,637,504</u>
 <u>Revenue bonds</u>			
City of Baton Rouge:			
1993 City Sales Tax	150,000	143,695	293,695
1997 City Sales Tax	2,225,000	337,975	2,562,975
1998A City Sales Tax	7,460,000	3,804,812	11,264,812
2001 City Sales Tax	515,000	1,084,624	1,599,624
Less: Debt recorded in business-type activities	(5,981,534)	(3,135,426)	(9,116,960)
Parish of East Baton Rouge:			
1998C Public Improvement Sales Tax	<u>545,000</u>	<u>95,523</u>	<u>640,523</u>
Total revenue bonds	<u>4,913,466</u>	<u>2,331,203</u>	<u>7,244,669</u>
Total governmental activities	<u>6,792,466</u>	<u>6,089,707</u>	<u>12,882,173</u>
 <b>Business-Type Activities:</b>			
<u>Excess revenue contracts, loans and notes</u>			
City of Baton Rouge:			
2001 LA Community Development Authority (Airport)	171,700	268,066	439,766
2004 LA Community Development Authority (Airport)	48,400	79,458	127,858
Parish of East Baton Rouge:			
1999 LA Community Development Authority	<u>26,000</u>	<u>16,506</u>	<u>42,506</u>
Total excess revenue contracts, loans and notes	<u>246,100</u>	<u>364,030</u>	<u>610,130</u>
 <u>Revenue bonds</u>			
City of Baton Rouge			
Plus: Revenue bonds payable from City issues	5,981,534	3,135,426	9,116,960
Parish of East Baton Rouge:			
Sewer sales tax bonds:			
1995 Public Improvement Sewer Sales Tax	770,000	30,800	800,800
1996 Public Improvement Sewer Sales Tax	2,280,000	1,681,262	3,961,262
1998B Public Improvement Sewer Sales Tax	975,000	664,100	1,639,100
1999 Public Improvement Sewer Sales Tax	1,060,000	2,105,483	3,165,483
2001 Public Improvement Sewer Sales Tax	90,000	1,000,375	1,090,375
2003 Public Improvement Sewer Sales Tax	4,205,000	4,918,550	9,123,550
2004 Public Improvement Sewer Sales Tax	--	928,058	928,058
DEQ 2004-A1 Sewer Revenue Bonds	<u>--</u>	<u>3,347</u>	<u>3,347</u>
Total revenue bonds	<u>15,361,534</u>	<u>14,467,401</u>	<u>29,828,935</u>
Total business-type activities	<u>15,607,634</u>	<u>14,831,431</u>	<u>30,439,065</u>
Total all bonds, contracts, loans and notes	<u>\$22,400,100</u>	<u>\$20,921,138</u>	<u>\$43,321,238</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**a. Primary Government (Continued)**

**7. Legal Debt Margin - General Obligation Bonds**

Computation of legal debt margin for general obligation bonds payable from ad valorem tax is as follows:

**Governing Authority: City of Baton Rouge**

Ad valorem taxes:

Assessed valuation, 2004 tax rolls \$1,284,097,909

Debt limit: 10% of assessed valuation (for any one purpose) \$ 128,409,791

Debt limit: 15% of assessed valuation (for sewerage purposes) 192,614,686

Debt limit: 35% of assessed valuation (aggregate, all purposes) 449,434,268

There are no outstanding bonds secured by ad valorem taxes of the City of Baton Rouge at this time.

**Governing Authority: Parish of East Baton Rouge**

Ad valorem taxes:

Assessed valuation, 2004 tax rolls \$2,885,035,660

Debt limit: 10% of assessed valuation (for any one purpose) \$ 288,503,566

Debt limit: 15% of assessed valuation (for sewerage purposes) 432,755,349

There are no outstanding bonds secured by ad valorem taxes of the Parish of East Baton Rouge at this time.

**Governing Authority: East Baton Rouge Sewerage Commission**

Ad valorem taxes:

Assessed valuation, 2004 tax rolls \$2,885,035,660

Debt limit: 15% of assessed valuation (for sewerage purposes) \$ 432,755,349

There are no outstanding bonds secured by ad valorem taxes of the East Baton Rouge Sewerage Commission at this time.

The Louisiana Constitution gives East Baton Rouge Parish, any municipal corporation in the parish and any sewerage district in the parish the power to incur debt and issue bonds for sewerage purposes up to a maximum of 15% of the assessed valuation of the taxable property in such subdivision. Louisiana Revised Statutes limit the Parish's bonded debt for other purposes to 10% of the assessed valuation of the taxable property for one purpose and 35% for all purposes.

Excess revenue contracts, loans and notes are secured by the general property tax levied for operation of the General Fund. They are payable through excess revenues of the General Fund budget and required approval by the Louisiana State Bond Commission. The debt obligations are issued on the authority of the Metropolitan Council and do not require a referendum from taxpayers.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**a. Primary Government (Continued)**

**8. 2% Sales Tax Revenue Bonds**

The City of Baton Rouge and the Parish of East Baton Rouge, each levy a two percent sales and use tax on goods and services within their respective taxing districts. Since 1989, both the City of Baton Rouge and the Parish of East Baton Rouge have authorized the issuance of Public Improvement Sales Tax Bonds secured by this sales tax for the purpose of constructing and improving public facilities, advance refunding outstanding parity bond issues when market rates made it advantageous, providing a debt service reserve for each respective issue, and paying the issuance costs thereof.

Act No. 328 of the 1988 Regular Session of the Louisiana Legislature, House Bill No. 1599, Section 8(a) imposes a limit on the debt service obligations that can be outstanding of 40% of the gross avails of the sales and use tax for both the city and the parish 2% sales and use tax. The legal debt calculation as of December 31, 2004, is as follows:

	<b>City</b>	<b>Parish</b>
Actual 2004 Revenues	<u>\$ 76,927,171</u>	<u>\$ 56,735,129</u>
Debt Capacity Before Outstanding Bonds (40%)	30,770,868	22,694,052
Highest Annual Debt Service on Outstanding Bonds	<u>15,721,106</u>	<u>648,723</u>
Debt Capacity	\$ 15,049,762	\$ 22,045,329
Interest factor for \$1 of debt, 6%, 25 years	0.078226718	0.078226718
Additional Bond Capacity (25 Years at 6%)	<u>\$192,386,468</u>	<u>\$281,813,293</u>

These bonds are paid through the City Sales Tax Bonds Debt Service Fund and the Parish Sales Tax Bonds Debt Service Fund. Sinking fund payments are made monthly with bond interest and/or principal payments due February 1 and August 1 of each year. As of December 31, 2004, the following issues are outstanding:

<u>Bond Issue</u>	<u>Outstanding 12/31/2004</u>	<u>Primary Purpose of Issue</u>
City of Baton Rouge:		
\$ 4,000,000; Series 1993	\$ 2,920,000	Improvements to public buildings and facilities
\$19,325,000; Series 1997	7,310,000	Airport terminal development program and landfill improvements
\$94,450,000; Series 1998A	73,240,000	Advance refunding parity bond issues and improvements to public buildings
\$23,625,000; Series 2001A	<u>22,305,000</u>	Fund local match for the River Center expansion project, refund PFC note
Total	<u>\$105,775,000</u>	
Parish of East Baton Rouge:		
\$4,600,000; Series 1998C	<u>\$ 2,335,000</u>	Advance refunding parity bond issues and improvements to public buildings

All of the above governmental fund type sales tax revenue bonds issued by the City of Baton Rouge and Parish of East Baton Rouge are complete parity bonds and are secured by the net revenues from the respective entity's two percent sales and use tax.

**9. 1/2% Sewer Sales Tax Revenue Bonds**

In April 1988, the general electorate authorized an additional parish-wide one-half of one percent sales and use tax specifically for sewerage purposes. The Parish of East Baton Rouge is authorized to issue debt secured by this additional one-half percent sewer sales tax for the purpose of constructing sewerage related capital improvements, advance refunding outstanding parity bond issues when market rates make it advantageous, providing a debt service reserve for each respective issue, and paying the issuance costs thereof.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**a. Primary Government (Continued)**

**9. 1/2% Sewer Sales Tax Revenue Bonds (Continued)**

Louisiana Revised Statute 39:698.5 requires that the maturities of the bonds shall be so arranged that the total amount of principal and interest falling due in any year, together with principal and interest falling due in any year on all parity bonds theretofore issued, and then outstanding, shall never exceed 75% of the amount of sales tax revenues estimated by the governing authority to be received by it in the calendar year in which bonds are issued. The legal debt calculation as of December 31, 2004, is as follows:

Anticipated revenues based on 2005 annual operating budget	\$30,732,180
Debt Capacity Before Outstanding Bonds (75%)	23,049,135
Highest Annual Debt Service on Outstanding Bonds	<u>21,219,096</u>
Debt Capacity	\$ 1,830,039
Interest factor for \$1 of debt, 6%, 25 year	0.078226718
Additional Bond Capacity (25 Years at 6%)	<u>\$23,394,039</u>

These bonds are accounted for in the Comprehensive Sewerage System Enterprise Fund. Sinking fund payments are made monthly with bond interest and/or principal payments due February 1 and August 1 of each year. As of December 31, 2004, the following issues are outstanding:

<u>Bond Issue</u>	<u>Outstanding 12/31/2004</u>	<u>Primary Purpose of Issue</u>
Parish of East Baton Rouge:		
Sewer Sales Tax Bonds:		
\$36,000,000; Series ST-1995	\$ 770,000	Sewerage Capital Improvements Program
\$65,000,000; Series ST-1996	30,855,000	Advance Refunding Parity Bond Issues
\$16,825,000; Series 1998B	14,635,000	Advance Refunding Parity Bond Issues
\$43,000,000; Series 1999	37,740,000	Sewerage Capital Improvements Program
\$20,000,000; Series 2001B	19,855,000	Sewerage Capital Improvements Program
\$112,720,000; Series 2003	108,790,000	Advance Refunding Parity Bonds and Sewer Construction
\$24,865,000; Series 2004	<u>24,865,000</u>	Advance Refunding Parity Bonds
Total	<u>\$237,510,000</u>	

All of the above proprietary fund sales tax revenue bonds issued by the Parish of East Baton Rouge are complete parity bonds and are secured by the net revenues from the special one-half percent sales and use tax dedicated to sewerage purposes.

**10. Obligations of Intragovernmental Agencies**

The City and the Parish have issued debt to fund certain enterprise operations on the strength of its general operating 2% sales tax revenues. In turn, the Greater Baton Rouge Airport District and the Comprehensive Sewerage System Fund have signed promissory notes to the General Fund to repay the debt service. The following obligations are recorded in proprietary funds in the government-wide and fund basic financial statements. An adjustment for the outstanding debt is shown as a reduction of governmental activities long-term debt in the government-wide financial statements.

**a. Greater Baton Rouge Airport District - 1980 Obligation**

On March 15, 1980, the City of Baton Rouge issued \$11,300,000 of Airport Improvement Bonds. Concurrently, the Greater Baton Rouge Airport District signed an \$11,300,000 long-term obligation to the City of Baton Rouge bearing an interest rate of 7.86%. This long-term obligation requires that annual payments be made to the City for the use, possession, and control of the improvements constructed with the bond proceeds. The bonds matured on March 15, 1992, but the long-term obligation to the City remains in effect with semi-annual payments to be made over a 25 year period.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**a. Primary Government (Continued)**

**10. Obligations of Intragovernmental Agencies (Continued)**

**a. Greater Baton Rouge Airport District - 1980 Obligation (Continued)**

Payments to the City by the Airport District are recorded as miscellaneous revenues in the General Fund. Improvements constructed with the bond proceeds are recorded as assets and as a long-term obligation of the Airport District. Total principal paid prior to 2004 was \$9,265,011. In 2004, a principal payment of \$979,015 reduced the obligation payable to \$1,055,974. Final maturity of this obligation will be paid in 2005 along with interest due of \$41,499.

**b. Greater Baton Rouge Airport District - 1997 Obligations**

On October 22, 1997, the City of Baton Rouge issued \$19,325,000 in Public Improvement Sales Tax Revenue Bonds, Series 1997, for the purpose of financing a portion of the costs of construction (\$14,946,000) of certain improvements in the Terminal Development Project as well as other City-Parish construction projects. The Greater Baton Rouge Airport District obligated itself under two negotiated promissory notes and the Amended Intergovernmental Contract (Airport-Airline Lease Agreement) dated November 1, 1997, to make semi-annual payments to the City General Fund over a nine year period. The Airport signed two separate promissory notes to the General Fund, the first note in an amount of \$7,297,000 was pledged from the airport rates and charges, the second note in an amount of \$7,649,000 was pledged from the passenger facility charge (PFC) as authorized by the Federal Aviation Administration.

On September 5, 2001 the Airport refinanced its PFC note to the General Fund with a portion of the proceeds of the City of Baton Rouge, August 1, 2001, Public Improvement Sales Tax Revenues Bonds, Series 2001A. The remaining principal amount of \$5,212,000 on the 1997 PFC note was refunded and replaced with the 2001 PFC note. State and local government securities were purchased with the these proceeds and will mature on the dates necessary to service the original 1997 City Debt.

Payments on the Rates and Charges obligation (\$7,297,000) to the City by the Airport District are recorded as miscellaneous revenues in the General Fund and as a long-term obligation of the Airport District. Total principal paid prior to 2004 was \$5,526,167. In 2004, a principal payment of \$1,104,667 reduced the obligation payable to \$666,166. Final maturity of this obligation will be paid in 2005 along with interest due of \$29,978.

**c. Greater Baton Rouge Airport District - 2001 Passenger Facility Charge Obligation**

The Greater Baton Rouge Airport District is obligated under the Second Amended Intergovernmental Contract dated August 1, 2001, and the Passenger Facility Charge Note of \$5,400,000 to make semi-annual payments to the City General Fund over a twenty-year period. Total principal paid prior to 2004 was \$320,417. In 2004, a principal payment of \$151,250 reduced the obligation payable to \$4,928,333. Scheduled maturities and interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 164,166	\$ 235,247	\$ 399,413
2006	176,250	222,113	398,363
2007	191,250	209,748	400,998
2008	206,250	200,209	406,459
2009	223,333	191,959	415,292
2010 and after	<u>3,967,084</u>	<u>1,306,497</u>	<u>5,273,581</u>
Total	<u>\$4,928,333</u>	<u>\$2,365,773</u>	<u>\$7,294,106</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**a. Primary Government (Continued)**

**10. Obligations of Intragovernmental Agencies (Continued)**

**d. East Baton Rouge Sewerage Commission**

On April 1, 1992, the City of Baton Rouge issued \$85,000,000 in Public Improvement Sales Tax Revenue Bonds, Series 1992A (20 year term), for the purpose of providing funds to finance the acquisition of an undivided interest in the sewerage system owned and/or operated by the East Baton Rouge Sewerage Commission (the "Commission"). The Commission used the proceeds to refund the outstanding portion of the \$27,000,000 Public Improvement Certificates of Indebtedness and to defease the callable portion of the \$70,000,000 Sewer Revenue Bonds, Series 1987. The Commission, through an act of credit sale, repurchased the undivided interest in the sewerage system previously sold to the City of Baton Rouge for \$76,999,452. This transaction is recorded as a long-term obligation in the Comprehensive Sewerage System Fund. Payments to the City by the Commission are required semi-annually over a 19 year period. These payments are recorded as miscellaneous revenues in the General Fund, and will fully offset the impact that the scheduled debt service payments on the \$85,000,000 Public Improvement Sales Tax Revenue Bonds have on the General Fund. Total principal paid prior to 2004 was \$38,887,657. In 2004, a \$3,766,221 principal payment reduced the obligation payable to \$34,345,574. Scheduled maturities and future interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 4,095,228	\$ 2,828,702	\$ 6,923,930
2006	4,453,147	2,491,419	6,944,566
2007	4,842,536	2,124,657	6,967,193
2008	5,266,501	1,725,826	6,992,327
2009	5,727,058	1,292,077	7,019,135
2010 and after	<u>9,961,104</u>	<u>1,127,816</u>	<u>11,088,920</u>
	<u>\$34,345,574</u>	<u>\$11,590,497</u>	<u>\$45,936,071</u>

**11. Louisiana Community Development Authority Loans (LCDA)**

Chapter 10-D of Title 33 of the Louisiana Revised Statutes created the Louisiana Community Development Authority for the purpose of assisting political subdivisions of the state. The LCDA issues long-term bonds and then loans the proceeds to local governments for acquiring, financing and constructing certain infrastructure facilities of local government and other economic development projects. The interest rate on the City's and the Parish's LCDA loans fluctuate weekly with changes in the Bond Market Association (BMA) Municipal Swap Index. Principal and interest payments on all loans are paid monthly.

**a. 1999 Program:**

In 1999, the Metropolitan Council authorized the Parish to execute a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority (the "LCDA") for the purpose of providing funds for the construction of the Advanced Traffic Management Facility. A total of \$7,643,873 was loaned to the Parish on the original 1999 program. A total of \$5,840,318 has been repaid, leaving an outstanding balance on this loan of \$1,803,555 as of December 31, 2004. Future debt service is budgeted over a 5 year period at 3.15%. This loan is serviced by the Excess Revenue and Limited Tax Debt Service Fund and shown as a governmental activities debt in the entity-wide statement of net assets.

In 2004, the Parish borrowed additional funds on the 1999 LCDA program to aide in the construction of a new downtown parking facility. A total of \$539,743 has been loaned to the Parish at December 31, 2004. Total LCDA loan authorization for the loan is \$2,500,000. Funds are drawn down as the expenses are made on the parking garage project. Principal repaid during the year was \$4,500, leaving an outstanding debt balance of \$535,243 at year-end. This loan is serviced and recorded in the Greater Baton Rouge Parking Authority Non-Major Enterprise Fund. Future debt service is budgeted over a 14 year period at 3.15%.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**a. Primary Government (Continued)**

**11. Louisiana Community Development Authority Loans (LCDA) (Continued)**

**b. 2000A Program:**

*In 2001, the City applied for a LCDA Loan for the Greater Baton Rouge Airport District to provide funds for airport improvements. A total of \$8,920,789 has been loaned to the City and \$278,500 in principal has been repaid. As of December 31, 2004, the airport enterprise fund shows a direct obligation of \$8,642,289. The loan is being repaid by the Airport's passenger facility charge. Future debt service is budgeted over a 25 year period at 3.13%. Total LCDA authorization for the loan to the Airport is \$9,000,000. Funds are drawn down as the expenses are made on airport projects. Additional loan proceeds are expected to be appropriated and drawn-down during year 2005.*

*In 2004, the City applied for a LCDA Loan for the Greater Baton Rouge Airport District to provide funds for airport improvements. A total of \$2,565,426 has been loaned to the City and \$6,200 in principal has been repaid. As of December 31, 2004, the airport enterprise fund shows a direct obligation of \$2,559,226. The loan is being repaid from proceeds of the Airport's customer facility charge. Future debt service is budgeted over a 25 year period at 3.13%. Total LCDA authorization for the loan to the Airport is \$10,000,000. Funds are drawn down as the expenses are made on airport projects. Additional loan proceeds are expected to be appropriated and drawn-down during year 2005.*

**12. DEQ Sewer Revenue Bonds**

On November 12, 2004, the East Baton Rouge Sewerage Commission authorized the issuance of \$25,000,000 of Sewer Revenue Bonds. The bonds are payable from a pledge of the gross revenues of the Comprehensive Sewerage System Enterprise Fund. The bonds were issued through a loan and pledge agreement with the Louisiana Department of Environmental Quality (DEQ) for the purpose of construction, improvement, rehabilitation and expansion of the Sanitary Sewer Construction Program. Outstanding principal will carry a 3.45% interest rate and an administrative fee of 0.5% for a total of 3.95%. Funds will be drawn on a reimbursement basis from DEQ over a projected 36 month construction schedule. Interest and principal shall be payable only on the amount drawn from the date reimbursed. At December 31, 2004, principal drawn and outstanding was \$97,012.

**13. Governmental Funds Taxable Bonds**

In 2000, the City of Baton Rouge entered into a merger agreement with the State Municipal Police Employees' Retirement System (MPERS) effective February 26, 2000. The City offered a voluntary transfer to City law enforcement employees that qualified to enter into the State system. The City signed a long-term note with MPERS in the amount of \$72,738,769. The 30 year note amount represented 60% of the initial merger liability for transferred police officer MPERS retirement benefits on February 26, 2000. The note bore interest at 7% per annum. Principal and interest were payable on the first day of each calendar quarter. During 2002, the note was entirely retired by the following two transactions.

On May 17, 2002, the City of Baton Rouge issued variable rate taxable bonds in the amount of \$25,900,000, to refund one-third of the MPERS Note and to retire \$1,840,463 of an outstanding legal judgment attributable to the City-Parish Employees Retirement System (CPERS). These variable-rate bonds were converted to a fixed rate in accordance with provisions provided in the original issue on March 6, 2003. The fixed-rate bonds are payable at a true interest cost of 5.65% over a 27 year period with final maturity on January 15, 2029. The debt service is funded in the Taxable Refunding Bonds Debt Service Fund budget via transfers from the General Fund.

On October 1, 2002, the City of Baton Rouge issued \$47,550,000 in fixed rate taxable bonds with a true interest cost of 5.73% to refund the remaining two-thirds of the MPERS note. These fixed rate taxable bonds are payable at a net interest cost of 5.73% over a 27 year period with final maturity on January 15, 2029. The debt service is funded in the Taxable Refunding Bonds Debt Service Fund budget via transfers from the General Fund.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**a. Primary Government (Continued)**

**13. Governmental Funds Taxable Bonds (Continued)**

**Amortization of Accounting Gain: Prior-Year Refunding-Governmental Activities:**

The City recognized an accounting gain of \$987,729 on the above two refundings in 2002, when the reacquisition price was smaller than the carrying amount of the original obligation. In accordance with GASB 23, this gain must be deferred and amortized over the life of the debt on the entity-wide financial statements. During years 2002-2003, \$70,552 of the deferred amount on refunding was amortized. Year 2004 debt service interest expense was reduced by \$35,276 on the Statement of Activities representing the 2004 amortization amount, resulting in the reporting of an additional \$881,901 in total debt on the entity-wide statement of net assets for governmental activities as of December 31, 2004.

**14. 2004 Refunding of 1/2% Sewer Sales Tax Bonds**

On October 28, 2004, the Parish issued \$24,865,000 of Public Improvement (Sewer) Sales Tax Bonds to advance refund a portion of the \$65.0M Series ST-1996 Public Improvement (Sewer) Sales Tax Bonds (original net interest cost 5.66%; principal refunded - \$24,860,000). A portion of the refunding proceeds of the new issue was used to purchase U. S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service on the 1996 issue.

Sources and uses of the refunding issue are summarized as follows:

**Sources and Uses of Funds:**

**Sources:**

Principal proceeds	\$24,865,000
Premium	1,836,519
Accrued interest	226,027
Sinking fund contribution	<u>106,895</u>
	<u>\$27,034,441</u>

**Uses:**

Deposit with escrow agent	\$26,506,508
Issuance costs	289,835
Deposit to sinking fund	63,588
Bond insurance	<u>174,510</u>
	<u>\$27,034,441</u>

**Gross Savings on Refunding:**

Old debt service cash flows		\$44,019,392
New debt service cash flows	41,848,927	
Less:		
Premium on bonds	(1,836,519)	
Plus:		
Contribution from sinking funds	226,027	
Contribution from reserve funds	106,895	<u>40,345,330</u>
Gross savings		<u>\$ 3,674,062</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**a. Primary Government (Continued)**

**14. 2004 Refunding of 1/2% Sewer Sales Tax Bonds (Continued)**

<u>Economic Gain on Refunding:</u>		
Present value of old debt service cash flows		\$27,858,987
Present value of new debt service cash flows	26,237,174	
Less:		
Premium on bonds	(1,836,519)	
Plus:		
Contribution from sinking funds	226,027	
Contribution from reserve funds	106,895	
Economic gain		<u>\$ 3,125,410</u>

As a result of the refunding, the City-Parish recognized a Deferred Amount on Refunding of \$1,702,402. This recognition is required by GASB Statement No. 23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities*. The bonds were issued at a premium of \$1,836,519. As of December 31, 2004, \$23,940 of the Deferred Amount on Refunding and \$25,824 of the premium were amortized, resulting in a net Deferred Amount on Refunding of \$(132,233). This is reflected as an addition of bonds payable on the balance sheet for the Comprehensive Sewerage System Fund.

**15. Prior Year Refundings - Deferred Amount, Business-Type Activities**

On March 1, 1996, the Parish issued \$65,000,000 of Public Improvement Sales Tax Revenue Bonds, Series ST-1996, to refund and defease in substance the callable portion of the 1989 Public Improvement (Sewer) Sales Tax Revenue Bonds, Series ST-1989 (net interest cost rate - 6.933%; principal refunded - \$36,300,000, called February 1, 1999). A portion of the \$65 million bonds was advanced refunded with the Series ST-2004 bonds. During this transaction the amount of the 1996 premium attributable to the refunded portion was amortized in the current year (\$2,889). As a result of the original refunding, the City-Parish recognized a Deferred Amount on Refunding of \$2,710,061 and a premium of \$12,320. As of December 31, 2004, \$1,814,662 of the Deferred Amount on Refunding was amortized (\$174,939 in 2004 and \$1,639,723 in prior years), and \$6,859 of the premium was amortized (\$663 in 2004 and \$6,196 in prior years) resulting in a net Deferred Amount on Refunding of \$892,827. This is reflected as a reduction of bonds payable on the balance sheet for the Comprehensive Sewerage System Fund.

On November 1, 1998, the Parish issued \$16,825,000 of Public Improvement (Sewer) Sales Tax Revenue Bonds, Series ST-1998B, to refund and defease in substance the callable portion of the 1991 Public Improvement (Sewer) Sales Tax Revenue Bonds, Series ST-1991 (net interest cost - 6.67%; principal refunded - \$15,690,000, called February 1, 2001). As a result of refunding the callable portion of the \$20,000,000 Public Improvement (Sewer) Sales Tax Revenue Bonds, Series ST-1991, on November 1, 1998, the City-Parish recognized a Deferred Amount on Refunding in the amount of \$1,291,440 and a premium of \$67,659. As of December 31, 2004, \$606,827 of the Deferred Amount on Refunding was amortized (\$104,957 in 2004 and \$501,870 in prior years), and \$31,792 of the premium was amortized (\$5,499 in 2004 and \$26,293 in prior years) resulting in a net Deferred Amount on Refunding of \$648,746. This is reflected as a reduction of bonds payable on the balance sheet for the Comprehensive Sewerage System Fund.

On April 1, 2003, the Parish issued \$112,720,000 of Public Improvement (Sewer) Sales Tax Bonds to refund the: (1) \$30.2M 1993 Public Improvement (Sewer) Sales Tax Bonds, (net interest cost 5.49%; principal refunded - \$23,405,000); (2) the \$70M 1993(A) Public Improvement Sales Tax Revenue Bonds, (net interest cost 5.13%; principal refunded - \$53,160,000); and, (3) the callable portion of the \$36M 1995 Public Improvement Sales Tax Revenue Bonds, (net interest cost 5.97%; principal refunded and outstanding at December 31, 2003, - \$33,070,000). Both 1993 issues were called and paid on April 1, 2003. As a result of the refunding, the City-Parish recognized a Deferred Amount on Refunding of \$5,961,889 and a premium of \$5,864,947. As of December 31, 2004, \$976,065 of the Deferred Amount on Refunding was amortized (\$584,306 in 2004 and \$391,759 in prior years), and \$960,191 of the premium was amortized (\$574,804, in 2004 and \$385,387 in prior years) resulting in a net Deferred Amount on Refunding of \$81,068. This is reflected as a reduction of bonds payable on the balance sheet for the Comprehensive Sewerage System Fund.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**a. Primary Government (Continued)**

**16. Bonds of Other Governmental Units**

Bonds of the East Baton Rouge Consolidated School District and the City of Zachary are obligations of other governmental units located within the limits of the Parish of East Baton Rouge. These bonds are not included in these financial statements because they are not obligations of this governmental unit.

Bonds of the Recreation and Park Commission and the Hospital Service District No. 1 are obligations of City-Parish related organizations; however, neither the City of Baton Rouge nor East Baton Rouge Parish holds responsibility for the debt of these entities.

East Baton Rouge and other surrounding parishes are situated within the limits of the Greater Baton Rouge Port Commission. Outstanding obligations of the port are secured by a pledge of the full faith and credit of East Baton Rouge Parish and other parishes in the district. However, the Supreme Court of the State of Louisiana has held that the pledge of the full faith and credit of the State comes before the pledges of the credit of the various parishes. Therefore, East Baton Rouge Parish does not have any potential liability with respect to the bonds of the port.

**17. Arbitrage Liability**

Section 148 of the Internal Revenue Code of 1986, as amended, requires that issuers of tax exempt debt make arbitrage calculations annually on bond issues issued after August 31, 1986, to determine whether an arbitrage rebate liability exists between the issuer and the U.S. Department of the Treasury. Arbitrage is the difference (or profit) earned from borrowing funds at tax exempt rates and investing the proceeds in higher yielding taxable securities. There are no arbitrage rebate liabilities outstanding to the U.S. Department of Treasury for City-Parish issues at December 31, 2004.

**18. Conduit Debt Obligations**

The Parish and Parish Special Districts have issued industrial development revenue bonds and industrial pollution control revenue bonds. These bonds are limited obligations of the Parish or District payable from revenues of the projects. The bonds are not a charge upon other income of the Parish or District, nor are they a charge against the credit or taxing power of the District, the Parish of East Baton Rouge, or the City of Baton Rouge. As of December 31, 2004, there were 56 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$231,000,000.

**19. Lease Commitments**

Capital leases are accounted for in accordance with Section L20 of the GASB Codification and NCGA Statement No. 5 which require governments to use the criteria contained in FASB Statement No. 13, *Accounting for Leases*, and GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, to classify leases as capital or operating leases. The GASB Codification and NCGA Statement No. 5 also require that assets under capital leases be recorded as capital assets and the lease obligation be recorded as long-term debt in the Government-wide Statement of Net Assets.

The City-Parish has entered into lease agreements (36 month terms) to acquire or obtain the use of machinery equipment, office equipment, and transportation equipment. All equipment leases will expire during the next three years. The amount necessary to reduce net minimum lease payments to present value is calculated by comparing the implicit rate and the incremental rate at the inception of the lease and using the lower of the two rates. The rate used in calculating present value ranges from 2.99% to 4.28%. The lease payments are expected to remain the same throughout the term of the leases. The City-Parish has the option to purchase the equipment at a bargain price at the end of the lease term or in most cases title transfers to the City-Parish at the end of the leases. The lease agreements contain a fiscal funding clause which generally provides for cancellation in the event the Metropolitan Council does not appropriate funds in subsequent years for the lease payments.

During 2004, the City-Parish initiated two new lease agreements for the purchase of motor vehicles and office equipment.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**a. Primary Government (Continued)**

**19. Lease Commitments (Continued)**

The following is a schedule by years of the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of December 31, 2004:

	Governmental Activities
2005	\$55,537
2006	23,407
2007	5,503
Total minimum lease payments	84,447
Less: amount representing interest	(2,558)
Present value of net minimum lease payments	\$81,889

Asset balances as of December 31, 2004, for equipment under capital lease by major classes are as follows:

<u>Classes of Equipment</u>	Capital Assets Governmental Activities
Office equipment	\$ 47,208
Transportation equipment	111,405
Subtotal	158,613
Less: accumulated depreciation	(73,429)
Total	\$ 85,184

City-Parish operating leases contain one of the following options: (a) the City-Parish may, after the initial lease term expires, purchase the property at the fair value of the property or (b) the term can be extended on a month-to-month basis until either the City-Parish returns the equipment to the Lessor or the Lessor terminates the lease by a ten day written notice. In most cases, leases are renewed or replaced by other leases. The City-Parish does not have any operating leases with scheduled rent increases. Operating lease payments during 2004 totaled \$171,171. The future minimum rental payments at December 31, 2004, is detailed as follows:

	Governmental Activities
2005	\$ 102,947
2006	54,897
2007	54,897
2008	54,897
2009	54,897
Thereafter	3,874,822
Total future minimum lease payments	\$4,197,357

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**b. Component Units Long-Term Debt**

A summary of the long-term obligations for component units of the City-Parish is as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>
<b><u>Nineteenth Judicial District Court</u></b>				
Compensated absences payable	\$ 601,033	\$ 19,463	\$ --	\$ 620,496
<b><u>E.B.R. Parish Family Court</u></b>				
Compensated absences payable	51,195	12,830	--	64,025
<b><u>E.B.R. Parish Juvenile Court</u></b>				
Compensated absences payable	150,254	--	10,000	140,254
<b><u>E.B.R. Parish Clerk of Court</u></b>				
Compensated absences payable	408,193	15,333	--	423,526
<b><u>E.B.R. Parish Coroner</u></b>				
Compensated absences payable	1,594	--	--	1,594
<b><u>St. George Fire Protection District</u></b>				
Bonds and notes payable	2,486,758	--	204,084	2,282,674
Compensated absences payable	534,764	549,274	508,964	575,074
Total	<u>3,021,522</u>	<u>549,274</u>	<u>713,048</u>	<u>2,857,748</u>
<b><u>Brownsfield Fire Protection District</u></b>				
Compensated absences payable	--	1,621	--	1,621
Obligation under capital leases	6,722	--	6,722	--
Total	<u>6,722</u>	<u>1,621</u>	<u>6,722</u>	<u>1,621</u>
<b><u>Central Fire Protection District</u></b>				
Bonds and notes payable	--	500,000	--	500,000
Compensated absences payable	95,616	--	9,651	85,965
Obligation under capital leases	177,865	--	177,865	--
Total	<u>273,481</u>	<u>500,000</u>	<u>187,516</u>	<u>585,965</u>
<b><u>E.B.R. Parish Fire Protection District No. 6</u></b>				
Compensated absences payable	893	730	--	1,623
Obligation under capital leases	293,318	--	52,540	240,778
Total	<u>294,211</u>	<u>730</u>	<u>52,540</u>	<u>242,401</u>
<b><u>Eastside Fire Protection District</u></b>				
Notes payable	530,000	--	130,000	400,000
Compensated absences payable	74,235	28,240	--	102,475
Obligation under capital leases	171,989	43,643	75,839	139,793
Total	<u>776,224</u>	<u>71,883</u>	<u>205,839</u>	<u>642,268</u>
<b><u>Alsen-St. Irma Lee Fire Protection District</u></b>				
Obligation under capital leases	106,122	--	44,266	61,856
<b><u>Capital Region Planning Commission</u></b>				
Compensated absences payable	34,630	12,333	--	46,963

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 10 - Long-Term Debt (Continued)**

**b. Component Units (Continued)**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>
<b><u>Capital Area Transit System</u></b>				
Compensated absences payable	\$ 307,402	\$ --	\$ 44,478	\$ 262,924
Obligation under capital leases	--	7,917,554	523,964	7,393,590
Claims and judgements payable	395,332	684,780	--	1,080,112
Other long-term payables	<u>411,283</u>	<u>--</u>	<u>330,177</u>	<u>81,106</u>
Total	<u>1,114,017</u>	<u>8,602,334</u>	<u>898,619</u>	<u>8,817,732</u>
Total component units long-term debt	<u>\$6,839,198</u>	<u>\$9,785,801</u>	<u>\$2,118,550</u>	<u>\$14,506,449</u>

**NOTE 11 - Interfund and Intergovernmental Receivables and Payables**

**a. Balances due to/from other funds at December 31, 2004, consist of the following:**

\$23,412,195	Due to the Capital Projects Fund from other governmental funds (Library Board of Control Fund) representing unspent balances on construction projects appropriated in the Capital Projects Fund.
<u>15,669,253</u>	Due to the General Fund from other governmental funds (Mosquito Abatement and Rodent Control Fund, Downtown Development District and B.R. Fire Department Pay Enhancement Fund), and the Greater Baton Rouge Airport District Enterprise Fund representing short-term loans.
<u>\$39,081,448</u>	

Summary of balances due from (to) other funds reported in fund financial statements and net internal balances as reported in the Statement of Net Assets:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Net Internal Balances</u>
Balance Sheet - Governmental Funds	\$39,081,448	\$(29,825,484)	\$ 9,255,964
Statement of Net Assets - Proprietary Funds	<u>--</u>	<u>(9,255,964)</u>	<u>(9,255,964)</u>
Totals	<u>\$39,081,448</u>	<u>\$(39,081,448)</u>	<u>\$ --</u>

**b. Due From Other Governments by governmental agencies for the Primary Government consists of the following at year-end:**

	<u>Federal</u>	<u>State</u>	<u>School Board</u>	<u>Sheriff</u>	<u>Other</u>	<u>Total</u>
<b><u>Governmental Activities:</u></b>						
General Fund	\$ --	\$ 556,112	\$137,188	\$14,518,826	\$ 565,850	\$15,777,976
Capital Projects Fund	--	32,562	--	--	125,601	158,163
Nonmajor governmental Funds	2,863,652	3,093,212	--	34,626,029	669,137	41,252,030
Adjustments to full accrual basis of accounting	--	1,257,041	--	1,051,842	38,661	2,347,544
<b><u>Business-type Activities:</u></b>						
Greater Baton Rouge Airport District	4,950,001	3,324,725	--	--	--	8,274,726
Comprehensive Sewerage System Fund	35,737	--	--	13	100,870	136,620
Nonmajor enterprise funds	<u>--</u>	<u>1,403,268</u>	<u>--</u>	<u>--</u>	<u>2,337</u>	<u>1,405,605</u>
Totals	<u>\$7,849,390</u>	<u>\$9,666,920</u>	<u>\$137,188</u>	<u>\$50,196,710</u>	<u>\$1,502,456</u>	<u>\$69,352,664</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 11 - Interfund and Intergovernmental Receivables and Payables (Continued)**

c. **Receivable and payable balances at year-end between the Primary Government and Component Units were as follows:**

	<u>Due (To)/From Primary Government</u>	<u>Due (To)/From Component Units</u>
<b><u>Primary Government:</u></b>		
General Fund	\$ --	\$239,949
General Fund		(6,702)
<b><u>Component Units:</u></b>		
District Attorney of the Nineteenth Judicial District	(60,926)	
Nineteenth Judicial District Indigent Defender Board	6,702	--
Brownsfield Fire Protection District	(173,750)	--
Chaneyville Fire Protection District	<u>(5,273)</u>	<u>--</u>
Total	<u>\$(233,247)</u>	<u>\$233,247</u>

**NOTE 12 - Interfund Transfers**

a. **Interfund transfers at December 31, 2004 consist of the following:**

\$ 729,593	From the General Fund to other governmental funds (Juror Compensation Fund, Downtown Development District, and Animal Control Center Fund) to subsidize operations.
205,386	From the General Fund to other governmental funds (Grants Fund) to provide local match on Federal and State grants.
6,326,359	From the General Fund to the Greater Baton Rouge Airport District Fund, the Comprehensive Sewerage System Fund and other enterprise funds (G.B.R. Parking Authority and the Baton Rouge River Center Fund) to subsidize operations.
1,854,600	From the General Fund to other enterprise funds (Solid Waste Disposal Facility Fund) for purchase of capital assets.
5,673,047	From the General Fund to other governmental funds (Taxable Refunding Bonds Fund and Excess Revenue and Limited Tax Fund) to pay debt service requirements on outstanding debt.
664,343	From the General Fund to the Capital Projects Fund to provide local match for Federal and State capital grants.
5,201,980	From the General Fund to the Capital Projects Fund for major drainage and road projects from gaming tax revenues.
3,166,346	From the General Fund to the Capital Projects Fund for 2004 departmental capital outlays greater than \$5,000 unit cost.
12,950,000	From other governmental funds (Library Board of Control Fund) to the Capital Projects Fund to provide funding for building branch libraries.
553,324	From other governmental funds (Emergency Medical Services Fund) to other governmental funds (E.B.R. Parish Communications District) to subsidize operations.
125,000	From other governmental funds (Emergency Medical Services Fund) to the General Fund to establish an official insurance designation for emergency medical personnel coverage.
2,147,492	From other governmental funds (Consolidated Garbage Service District and State and Local Government Securities Debt Service Fund) to reimburse the General Fund for debt service payments funded by City sales tax.
1,517,400	From other governmental funds (Consolidated Garbage Service District) to other enterprise funds (Solid Waste Disposal Facility Fund) to assist in funding capital projects.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 12 - Interfund Transfers (Continued)**

**a. Interfund transfers at December 31, 2004 (Continued)**

\$ 51,154	From the Capital Projects Fund to other governmental funds (Grants Fund) to fund local match on an equipment grant.
<u>6,071,373</u>	From the Capital Projects Fund to other enterprise funds (Solid Waste Disposal Facility Fund, and the River Center Fund) to assist in funding capital projects of the enterprise funds.
<u>\$47,237,397</u>	Total

Summary of transfers in and (out) reported in fund financial statements and net transfers as reported in the Statement of Activities:

	<u>Transfers In</u>	<u>Transfers (Out)</u>	<u>Net Transfers</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$31,467,665	\$(47,237,397)	\$(15,769,732)
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	<u>15,769,732</u>	<u>--</u>	<u>15,769,732</u>
Totals	<u>\$47,237,397</u>	<u>\$(47,237,397)</u>	<u>\$ --</u>

**b. The following exchange of funds between the Primary Government and its discretely presented component units during 2004 are classified as external transactions on the Government-wide Statement of Activities:**

	<u>Operating Exchanges (To)/From Primary Government</u>	<u>Operating Exchanges (To)/From Component Units</u>
<u>Primary Government:</u>		
General Fund	\$ --	\$(12,565,647)
Non-major Special Revenue Fund:		
Parish Transportation Fund	--	(947,230)
<u>Component Units:</u>		
District Attorney of the Nineteenth Judicial District	3,637,980	--
Nineteenth Judicial District Court	4,274,852	--
E.B.R. Parish Family Court	668,557	--
E.B.R. Parish Juvenile Court	801,517	--
Nineteenth Judicial District Indigent Defender Board	200,106	--
E.B.R. Parish Clerk of Court	712,535	--
E.B.R. Parish Coroner	736,724	--
Brownsfield Fire Protection District	17,050	--
Central Fire Protection District	36,820	--
E.B.R. Parish Fire Protection District No. 6	68,990	--
Eastside Fire Protection District	32,740	--
Pride Fire Protection District	12,283	--
Chaneyville Fire Protection District	23,393	--
Alsen-St. Irma Lee Fire Protection District	25,750	--
Capital Region Planning Commission	49,250	--
Capital Area Transit System	<u>2,214,330</u>	<u>--</u>
Total	<u>\$13,512,877</u>	<u>\$(13,512,877)</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 13 - Other Receivables**

Receivables as of year-end for the government's individual major funds, and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
<b>Governmental Activities:</b>					
<b><u>Receivables:</u></b>					
Property taxes	\$ 3,586,669	\$ --	\$ 9,033,004	\$ --	\$12,619,673
Gross receipts business taxes	4,935,661	--	--	--	4,935,661
Sales taxes	14,156,280	1,907,241	1,393,707	--	17,457,228
Interest and penalties on taxes	70,374	--	--	--	70,374
Accounts	622,398	--	1,439,916	--	2,062,314
Accrued interest	141,039	213,942	475,304	18,388	848,673
Special assessments	40,497	11,950	--	--	52,447
Other	<u>802,966</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>802,966</u>
Gross receivables	24,355,884	2,133,133	12,341,931	18,388	38,849,336
Less: allowance for uncollectibles	<u>(494,508)</u>	<u>--</u>	<u>(1,313,273)</u>	<u>--</u>	<u>(1,807,781)</u>
Net total receivables	<u>\$23,861,376</u>	<u>\$2,133,133</u>	<u>\$11,028,658</u>	<u>\$18,388</u>	<u>\$37,041,555</u>

	<u>Greater Baton Rouge Airport District</u>	<u>Comprehensive Sewerage System</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
<b>Business-type Activities:</b>				
<b><u>Receivables:</u></b>				
Sales taxes	\$ --	\$3,300,433	\$ --	\$ 3,300,433
Accounts	1,000,119	4,625,581	1,591,605	7,217,305
Accrued interest	5,554	920,955	50,419	976,928
Special assessments	<u>--</u>	<u>129,077</u>	<u>--</u>	<u>129,077</u>
Gross receivables	1,005,673	8,976,046	1,642,024	11,623,743
Less: allowance for uncollectibles	<u>(298,403)</u>	<u>--</u>	<u>(10,000)</u>	<u>(308,403)</u>
Net total receivables	<u>\$ 707,270</u>	<u>\$8,976,046</u>	<u>\$1,632,024</u>	<u>\$11,315,340</u>

Summary of receivables reported on the Statement of Net Assets for Business-type activities:

Current assets - receivables	\$10,729,282
Restricted assets - receivables	<u>586,058</u>
Totals	<u>\$11,315,340</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 14 - Restricted Net Assets**

Details of restricted net assets as reported in the entity-wide Statement of Net Assets are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Net Assets Restricted For:			
Capital projects:			
Bond funds from city sales tax issues	\$ 906,923	\$ --	\$ 906,923
Federal and state capital grant funds	5,433,973	--	5,433,973
Dedicated sales tax for street construction	49,102,537	--	49,102,537
Dedicated hotel-motel taxes for River Center construction	--	38,222	38,222
Dedicated court fees for judicial complex	<u>2,434,687</u>	<u>--</u>	<u>2,434,687</u>
Total net assets restricted for capital projects	<u>57,878,120</u>	<u>38,222</u>	<u>57,916,342</u>
Debt service:			
2% City sales tax revenue bonds	20,033,601	--	20,033,601
2% Parish sales tax revenue bonds	687,083	--	687,083
State and local government securities	2,471,570	--	2,471,570
½% Sewer parish sales tax revenue bonds	--	30,262,815	30,262,815
Airport district obligations	<u>--</u>	<u>831,625</u>	<u>831,625</u>
Total net assets restricted for debt service	<u>23,192,254</u>	<u>31,094,440</u>	<u>54,286,694</u>
Passenger facility charge:			
Greater Baton Rouge Airport District (see note 16)	<u>--</u>	<u>723,713</u>	<u>723,713</u>
Other purposes:			
Dedicated property taxes authorized by the electorate to specific special revenue funds and purposes	43,903,822	--	43,903,822
Dedicated sales tax for street maintenance	6,055,722	--	6,055,722
State road funds dedicated for transportation	5,741,148	--	5,741,148
Telephone surcharge dedicated to communications district	3,076,693	--	3,076,693
Grant funds restricted to specific programs	<u>5,588,055</u>	<u>--</u>	<u>5,588,055</u>
Total net assets restricted for other purposes	<u>64,365,440</u>	<u>--</u>	<u>64,365,440</u>
<b>Total Restricted Net Assets</b>	<b><u>\$145,435,814</u></b>	<b><u>\$31,856,375</u></b>	<b><u>\$177,292,189</u></b>

**NOTE 15 - Restricted Assets**

The balances of the restricted asset accounts in the enterprise funds are as follows:

	<u>Greater Baton Rouge Airport District</u>	<u>Comprehensive Sewerage System</u>	<u>Other Enterprise Total</u>	<u>Total</u>
Sales tax revenue bonds construction accounts	\$ --	\$34,564,325	\$ --	\$34,564,325
Hotel-motel tax construction accounts	--	--	1,951,871	1,951,871
Passenger Facility Charges (PFC) account	633,548	--	--	633,548
Sales tax revenue bonds debt service accounts	--	21,220,405	--	21,220,405
Accounts receivable - PFC	481,490	--	--	481,490
Accrued interest receivable - sales tax revenue bonds	--	95,563	--	95,563
Accrued interest receivable - PFC	1,859	--	--	1,859
Accrued interest receivable - hotel-motel tax	<u>--</u>	<u>--</u>	<u>7,146</u>	<u>7,146</u>
Total restricted assets	<b><u>\$1,116,897</u></b>	<b><u>\$55,880,293</u></b>	<b><u>\$1,959,017</u></b>	<b><u>\$58,956,207</u></b>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 16 - Passenger Facility Charges - Greater Baton Rouge Airport District**

On September 28, 1992, the Greater Baton Rouge Airport District (Airport) received approval from the Federal Aviation Administration (FAA) to impose a \$3.00 passenger facility charge (PFC) in accordance with Section 158.29 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158).

FAA regulations require that PFC revenues be recognized and recorded as non-operating revenues in the year the fees are remitted by the air carriers (not when the funds are spent). This provision requires that airports accrue PFC revenues at fiscal year-end.

FAA regulations also require certain financial statement disclosures with regard to passenger facility charges. Any PFC revenue received, but not yet spent, along with interest income, is classified as restricted net assets on the Statement of Net Assets. On the Statement of Revenues, Expenses, and Changes in Fund Net Assets, PFC revenue is classified as non-operating revenue, while on the Statement of Cash Flows, PFC collections are classified as capital in nature.

The Airport began assessing the fee on December 1, 1992, and the FAA approved a total collection of \$9,823,159 over a six year period ending December 1, 1998. On February 14, 1997, the FAA approved an additional collection of \$10,157,206 over an eleven year period commencing June 1, 1997, and ending June 1, 2008. The collection periods were based on information submitted to the FAA by the Airport.

On April 23, 1993, the Airport received approval from the FAA to use PFC revenues to fund certain airport projects. The list of approved projects was amended by the FAA on February 14, 1997.

On July 18, 2000, the FAA approved an additional \$8,912,110 with the date of collection the same, and the estimated charge expiration date of August 1, 2016. The FAA also approved a new project in the amount of \$6,504,390 on July 25, 2000, with an estimated charge expiration date of January 1, 2022. The total amount of approved projects are shown in the following table:

<u>Description</u>	<u>Project Amount</u>
Terminal Concept Study	\$ 450,000
Noise Mitigation	8,532,260
Terminal Building Plan Specifications	840,899
Terminal Building Renovations/Expansion	
Financing and Interest	19,069,316
Terminal Access Road/Passenger	
Loading Bridges	<u>6,504,390</u>
Total	<u>\$35,396,865</u>

Since the inception of the PFC, the Airport has recorded the following revenues and expenses through the 2004 fiscal year resulting in a restriction of net assets from passenger facility charges as follows:

	<u>Accrual Basis</u>	<u>Cash Basis</u>
Cumulative PFC receipts (1992 - 2004), net of administrative fee	\$ 13,562,614	\$ 13,414,806
Interest earnings	<u>1,018,579</u>	<u>1,016,719</u>
Total revenues	<u>14,581,193</u>	<u>14,431,525</u>
Cumulative disbursements for PFC projects (1992 - 2004)	(8,417,376)	(8,357,873)
Cumulative bond principal payments	(3,187,167)	(3,187,167)
Cumulative bond interest payments	<u>(2,252,937)</u>	<u>(2,252,937)</u>
Total disbursements	<u>(13,857,480)</u>	<u>(13,797,977)</u>
Net PFC cash, December 31, 2004		<u>\$ 633,548</u>
Net assets restricted for PFC, December 31, 2004	<u>\$ 723,713</u>	

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 17 - Solid Waste Disposal Facility Closure And Postclosure Care Liability**

The 1994 fiscal year was the first full year of operation for the new North Landfill, which opened when the old landfill, Devil's Swamp, was closed on October 8, 1993. The North Landfill is permitted by the U.S. Environmental Protection Agency (EPA) and the Louisiana Department of Environmental Quality (DEQ) to dispose of municipal solid waste and non-hazardous industrial waste from East Baton Rouge Parish and from surrounding cities, towns, and parishes. Regulations issued by the EPA and the DEQ require the City-Parish to perform certain closing functions and postclosure monitoring and maintenance functions for the North Landfill.

Municipal Solid Waste Landfill (MSWLF) Closure and Postclosure Care Costs are accounted for in accordance with guidelines recommended by GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. GASB Statement No. 18 states that a portion of the estimated total current cost of MSWLF closure and postclosure care is required to be recognized as an expense and as a liability in each period that the MSWLF accepts solid waste. Recognition should begin on the date the MSWLF begins accepting solid waste, continue in each period that it accepts waste, and be completed by the time it stops accepting waste. The estimated total current cost of closure and postclosure care includes the cost of equipment expected to be installed and facilities expected to be constructed near or after the date that the Solid Waste Disposal Facility stops accepting solid waste and any equipment installed during the 30 year postclosure period. Included in the total current cost is the cost of final cover expected to be applied near or after the date the facility stops accepting solid waste, and the cost of monitoring and maintaining the expected usable landfill area during the postclosure period.

The current estimated cost of closure and postclosure care costs for the Solid Waste Disposal Facility, as prepared by an outside engineering firm, is \$19,155,550. Based on calculations made by the Department of Public Works, the total estimated capacity was changed in 2002 from 33,400,000 cubic yards to 28,628,570 cubic yards with a projected useful life of 42 years. (The previous projected useful life was 49 years.) The estimated cost will be adjusted on an annual basis as deemed necessary by the management of the Department of Public Works to reflect the effects of inflation, changes in technology or changes in applicable laws or regulations.

The Solid Waste Disposal Facility Enterprise Fund recognizes a portion of the current estimated cost of MSWLF closure and postclosure care as an expense and as a liability in each period that it accepts solid waste. The expense and liability are based on the number of cubic yards used during the period rather than on the passage of time. As of December 31, 2004, the liability for closure and postclosure care totals \$12,164,565. The liability is based on the landfill capacity used to date of 18,180,323 cubic yards or 63.5% of the landfill capacity. The liability will be financed by the Solid Waste Disposal Facility Enterprise Fund. The remaining estimated cost of closure and postclosure care of \$6,990,985 will be recognized as the remaining estimated capacity is filled. The estimated remaining useful life of the landfill as of December 31, 2004, is 32 years.

During 2004, the City-Parish acquired an additional 617 acre tract of land adjacent to the landfill facility. Public Works engineers expect that the additional land may extend the useful life of the facility once federal and state approvals have been obtained.

**NOTE 18 - State Required Disclosures**

**a. Council Members Compensation**

Each Council Member receives monthly compensation in accordance with The Plan of Government. Compensation is currently \$300 a month for council members. In addition, members of the Metropolitan Council receive \$800 per month combined travel and auto allowance. (LRS 33:1233(B)) The following is a list of Council Members with gross wages, including auto allowance that was reported as paid in year 2004.

District 1	Wayne Carter	\$13,708
District 2	Ulysses Z. Addison, Jr.	13,708
District 3	Pat Culbertson	13,708
District 4	Joseph "Joe" Greco	13,708

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

EXHIBIT A - 15  
(Continued)

**NOTE 18 - State Required Disclosures (Continued)**

**a. Council Members Compensation (Continued)**

District 5	Charles Kelly	\$13,708
District 6	Martha J. Tassin	13,708
District 7	Byron Sharper	13,708
District 8	J. Michael "Mike" Walker	13,708
District 9	Darrell P. Ourso	13,708
District 10	Lorri Burgess	
	Council	13,708
	President Pro-Tempore	18,692
District 11	David J. Boneno	13,708
District 12	James T. "Jim" Benham	13,708

**b. Communications District Wireless E911 Service**

Act 1029 of the 1999 Louisiana Legislative Session authorizes the parish governing authority of a communication district to levy an emergency telephone service charge on wireless communications systems to pay the costs of implementing FCC ordered enhancements to the E911 system. The act further requires that governing authorities disclose in the audited financial statements information on the revenues derived from the service charge, the use of such revenues, and the status of implementation of wireless E911 service.

The East Baton Rouge Parish Communications District Board of Commissioners enacted Resolution No. 001/2000 on March 17, 2000, assessing an emergency telephone service charge of \$0.50 per month per wireless Commercial Mobile Radio Service (CMRS) user. Since the enactment of the fee, the Communications District Special Revenue Fund has collected and spent the following funds on enhancements to the wireless E911 system:

	<u>Revenues</u>	<u>Expenditures</u>
2000	\$ 399,863	\$ --
2001	943,927	85,368
2002	1,589,905	128,632
2003	1,084,224	297,143
2004	<u>1,355,746</u>	<u>--</u>
Total To Date	<u>\$5,373,665</u>	<u>\$511,143</u>

Phase II upgrades to the area within the Cities of Baker and Zachary are complete and the system is scheduled to be fully implemented by the first quarter of 2005.

**NOTE 19 - Cooperative Agreement - Parking Facilities**

During 2003, the City-Parish entered into a joint partnership (cooperative endeavor agreement) with the State of Louisiana for the purpose of constructing a 468-space parking garage located at the corner of Convention Street and Third Street in the downtown area. Under the agreement, the City-Parish will contribute \$2.5 million, financed from the proceeds of an LCDA loan, for construction of the state-owned and operated facility. In return, the City-Parish will be entitled to certain revenues generated from parking fees, which can be applied to the City-Parish's proportionate share (35.9%) of operating expenses.

As of December 31, 2004, the City-Parish had contributed \$539,743 to the state for this project. Construction is expected to be completed by the third quarter of 2005.



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 EMPLOYEES' RETIREMENT SYSTEMS  
 SCHEDULES OF FUNDING PROGRESS  
 (UNAUDITED)**

EXHIBIT B - 1

**REGULAR EMPLOYEES' TRUST**

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) --Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
12/31/04	\$883,663,240	\$1,057,269,629	\$173,606,389	83.6 %	\$109,887,349	158.0 %
12/31/03	847,227,425	985,671,695	138,444,270	86.0	106,240,559	130.3
12/31/02	818,150,788	947,726,617	129,575,829	86.3	101,339,785	127.8
12/31/01	813,977,773	902,821,264	88,843,491	90.2	102,793,456	86.4
12/31/00	786,941,507	855,994,379	69,052,872	91.9	99,510,155	69.4
12/31/99	741,562,144	809,012,654	67,450,510	91.7	96,744,086	69.7
12/31/98	740,257,038	875,075,687	134,818,649	84.6	118,742,991	113.5
12/31/97	635,463,896	811,977,242	176,513,346	78.3	114,102,750	154.7
12/31/96	587,193,233	773,936,127	186,742,894	75.9	109,658,886	170.3
12/31/95	551,301,959	718,277,070	166,975,111	76.8	104,601,384	159.6
12/31/94	480,505,268	657,162,178	176,656,910	73.1	100,596,231	175.6

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**EMPLOYEES' RETIREMENT SYSTEMS**  
**SCHEDULES OF EMPLOYER CONTRIBUTIONS**  
**(UNAUDITED)**

EXHIBIT B - 2

**REGULAR EMPLOYEES' TRUST**

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
12/31/04	\$19,623,023	94.9 %
12/31/03	18,479,710	76.1
12/31/02	16,110,422	73.6
12/31/01	13,708,997	79.6
12/31/00	11,240,695	116.7
12/31/99	15,658,856	130.4
12/31/98	17,967,514	107.1
12/31/97	19,510,792	91.5
12/31/96	17,773,028	91.3
12/31/95	17,845,851	80.0

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
EMPLOYEES' RETIREMENT SYSTEMS  
(UNAUDITED)**

EXHIBIT B - 3

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

**REGULAR EMPLOYEES' TRUST**

Valuation date	12/31/2004
Actuarial cost method	Entry Age Normal
	Level percentage of payroll on 30-year open amortization, with a 2.50% payroll growth assumption throughout of the amortization period. This approach is expected to result in an increase balance for the first eight years of the amortization period (through 2013).
Asset valuation method	Expected value method which recognizes the difference between the expected value and the market value for total (realized and unrealized) investment gains/losses at the rate of 20% per year for each of the subsequent five years.
Actuarial assumptions: Investment rate of return	7.75% per year, compounded annually
Projected salary increases	3.75% per year, compounded annually, attributable to inflation. Additional projected salary increases based on years of service and age attributable to seniority and merit, and no post-retirement benefit increases.
Cost-of-living adjustments	None



## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specific purposes.

**Juror Compensation Fund** accounts for District Court Cost fees collected from certain criminal defendants for payments to jurors.

**City Constable Court Costs Fund** accounts for City Court cost fees collected from serving the execution of civil papers, garnishment fees and assessments required to maintain the City Constable's office.

**Mosquito Abatement and Rodent Control Fund** accounts for the special property tax levy required to cover the cost of controlling mosquitoes and rodents.

**Library Board of Control Fund** accounts for the special property tax levy required to fund the operation, maintenance and expansion of the East Baton Rouge Parish Library System.

**Downtown Development District** accounts for the special property tax levied within the district for education, planning, traffic, security, promotion and development of the district.

**Gaming Enforcement Division Fund** accounts for monies collected from the 5% bingo assessment fee collected for the purpose of funding the enforcement and administration of guidelines and regulations relative to the playing of charitable bingo by licensed organizations.

**Animal Control Center Fund** accounts for monies collected from services rendered in licensing and leashing of small animals.

**Federal Forfeited Property Fund** accounts for the cash proceeds received from federal seizures and forfeitures, as well as any interest earned on these funds, according to accounting guidelines of the U.S. Attorney General's Office.

**East Baton Rouge Parish Communications District** accounts for monies collected to provide citizens of East Baton Rouge Parish with Enhanced 911, a computer aided telephone dispatch system that processes incoming requests for emergency assistance, and provides instructions in first aid to the caller.

**Emergency Medical Services Fund** accounts for the special property tax levy required to maintain emergency medical services in East Baton Rouge Parish.

**Fire Department Pay Enhancement Fund** accounts for the special property tax levied within the City of Baton Rouge to fund increases in salaries and benefits for the City of Baton Rouge Municipal Fire personnel.

**Consolidated Road Lighting District No. 1** accounts for the special property tax levy required to provide street and road lights within the district.

**Parish Transportation Fund** accounts for receipts from the State Shared Revenue-Parish Transportation Fund as authorized by the Louisiana Revised Statute 48:751 to be used primarily for road improvement and mass transit.

Continued

## NONMAJOR GOVERNMENTAL FUNDS

### **Special Revenue Funds (Continued)**

**Parish Street Maintenance Fund** accounts for the portion (40%) of the one-half of one percent sales tax levied for the sole purpose of public road and street repair within East Baton Rouge Parish.

**Consolidated Garbage Service District No. 1** accounts for the special property tax levy required to maintain waste collection and disposal services for the parish rural area.

**Grants Fund** accounts for the receipts and disbursements of Federal and State grants.

### **Debt Service Funds**

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**City Sales Tax Bonds Debt Service Fund** accounts for sales tax revenues dedicated for the payment of principal and interest requirements of the 1992, 1992A, 1993, 1997, 1998A and 2001A Public Improvement Sales Tax Bonds of the City of Baton Rouge. Also accounts for the portion of the bonds issued for the purpose of advance refunding certain outstanding obligations of the City-Parish.

**Parish Sales Tax Bonds Debt Service Fund** accounts for sales tax revenues dedicated for the payment of principal and interest requirements of the 1998C Public Improvement Sales Tax Bonds of the Parish of East Baton Rouge. Also accounts for the portion of the bonds issued for the purpose of advance refunding certain outstanding obligations of the City-Parish.

**State and Local Government Securities Debt Service Fund** accounts for the portion of the 1997 City Sales Tax Revenue Bonds which were previously being paid from the 1997 Passenger Facility Charge Intergovernmental Obligation from the Greater Baton Rouge Airport District to the General Fund. The proceeds reserved for refunding of the 1997 note were placed in State and Local Government Series securities (SLGS), where they will be used to service the original 1997 City Bonds.

**Taxable Refunding Bonds Debt Service Fund** accounts for the payment of principal, interest, and related charges for the 2002A Fixed Rate Taxable Refunding Bonds and the 2002B Fixed Rate Taxable Refunding Bonds.

**Excess Revenue and Limited Tax Fund** accounts for transfers from the general fund, special revenue funds, and capital projects funds for payment of interest and principal redemption requirements of capital leases, contracts, loans, notes, and bonds that do not require a vote of the general public.



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	Special Revenue				
	Juror Compensation	City Constable Court Costs	Mosquito Abatement and Rodent Control	Library Board of Control	Downtown Development District
<b>ASSETS</b>					
Cash and cash equivalents	\$ 14,269	\$ 26,751	\$ --	\$ 11,160,481	\$ --
Investments	--	--	--	20,726,607	--
Property taxes receivable-net	--	--	488,418	3,958,980	42,222
Sales taxes receivable	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Accrued interest receivable	--	129	--	91,518	--
Due from other governments	3,254	--	2,155,437	17,472,519	274,125
U.S. Housing and Urban Development loans receivable	--	--	--	--	--
<b>Total assets</b>	<b>\$ 17,523</b>	<b>\$ 26,880</b>	<b>\$ 2,643,855</b>	<b>\$ 53,410,105</b>	<b>\$ 316,347</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts and contracts payable	\$ 103	\$ 2,876	\$ 72,686	\$ 576,963	\$ 4,314
Due to other funds	--	--	617,243	23,412,195	291,853
Due to other governments	--	--	--	--	--
Accrued salaries payable	--	3,245	22,514	202,226	5,360
Deferred revenue	--	--	102,702	832,485	8,805
Deposits and escrow accounts	--	--	--	--	--
<b>Total liabilities</b>	<b>103</b>	<b>6,121</b>	<b>815,145</b>	<b>25,023,869</b>	<b>310,332</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Encumbrances	--	--	60,053	140,427	--
U.S. Housing and Urban Development loans	--	--	--	--	--
Debt service - principal	--	--	--	--	--
Debt service - interest	--	--	--	--	--
Subsequent year expenditures	--	--	107,360	12,421,000	--
Continuing projects	--	20,759	194,984	--	--
<b>Unreserved:</b>					
Undesignated	17,420	--	1,466,313	15,824,809	6,015
<b>Total fund balances</b>	<b>17,420</b>	<b>20,759</b>	<b>1,828,710</b>	<b>28,386,236</b>	<b>6,015</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,523</b>	<b>\$ 26,880</b>	<b>\$ 2,643,855</b>	<b>\$ 53,410,105</b>	<b>\$ 316,347</b>

The accompanying notes are an integral part of this statement.

Continued

Special Revenue						
Gaming Enforcement Division	Animal Control Center	Federal Forfeited Property	E.B.R. Parish Communications District	Emergency Medical Services	B.R. Fire Department Pay Enhancement	Consolidated Road Lighting District No. 1
\$ 9,032	\$ 83,226	\$ 382,042	\$ 955,055	\$ 2,133,201	\$ --	\$ 945,264
--	--	--	1,773,674	3,961,660	--	1,375,353
--	--	--	--	1,072,140	1,211,968	138,419
--	--	--	--	--	--	--
--	--	--	--	911,155	--	--
29	233	1,001	6,868	17,753	--	6,099
--	1,208	4,894	547,296	4,731,773	5,978,070	435,425
--	--	--	--	--	--	--
<u>\$ 9,061</u>	<u>\$ 84,667</u>	<u>\$ 387,937</u>	<u>\$ 3,282,893</u>	<u>\$ 12,827,682</u>	<u>\$ 7,190,038</u>	<u>\$ 2,900,560</u>
\$ 1,261	\$ 15,527	\$ 838	\$ 62,535	\$ 166,192	\$ 39,625	\$ 37,681
--	--	--	--	--	5,504,193	--
--	--	--	--	--	--	--
1,106	12,995	973	40,939	162,912	138,681	--
--	--	--	--	225,446	364,051	15,596
--	--	--	--	--	--	--
<u>2,367</u>	<u>28,522</u>	<u>1,811</u>	<u>103,474</u>	<u>554,550</u>	<u>6,046,550</u>	<u>53,277</u>
--	--	--	--	197,653	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
3,290	--	--	471,900	--	--	--
--	1,035	385,259	--	420,000	--	--
<u>3,404</u>	<u>55,110</u>	<u>867</u>	<u>2,707,519</u>	<u>11,655,479</u>	<u>1,143,488</u>	<u>2,847,283</u>
<u>6,694</u>	<u>56,145</u>	<u>386,126</u>	<u>3,179,419</u>	<u>12,273,132</u>	<u>1,143,488</u>	<u>2,847,283</u>
<u>\$ 9,061</u>	<u>\$ 84,667</u>	<u>\$ 387,937</u>	<u>\$ 3,282,893</u>	<u>\$ 12,827,682</u>	<u>\$ 7,190,038</u>	<u>\$ 2,900,560</u>

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2004**

	Parish Transportation	Parish Street Maintenance	Special Revenue		Total
			Consolidated Garbage Service District No. 1	Grants	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,881,618	\$ 2,344,191	\$ 2,306,248	\$ 2,836,872	\$ 25,078,250
Investments	3,494,433	4,353,498	4,283,032	--	39,968,257
Property taxes receivable-net	--	--	807,584	--	7,719,731
Sales taxes receivable	--	1,393,707	--	--	1,393,707
Accounts receivable	--	--	528,761	--	1,439,916
Accrued interest receivable	13,200	19,031	19,720	7,222	182,803
Due from other governments	456,872	--	3,578,680	5,612,477	41,252,030
U.S. Housing and Urban Development loans receivable	--	--	--	3,094,976	3,094,976
<b>Total assets</b>	<b>\$ 5,846,123</b>	<b>\$ 8,110,427</b>	<b>\$ 11,524,025</b>	<b>\$ 11,551,547</b>	<b>\$ 120,129,670</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts and contracts payable	\$ 104,975	\$ 1,883,173	\$ 831,937	\$ 2,335,095	\$ 6,135,781
Due to other funds	--	--	--	--	29,825,484
Due to other governments	--	123,658	--	674	124,332
Accrued salaries payable	--	9,829	--	252,720	853,500
Deferred revenue	--	--	148,471	2,156,005	3,853,561
Deposits and escrow accounts	--	--	--	255,729	255,729
<b>Total liabilities</b>	<b>104,975</b>	<b>2,016,660</b>	<b>980,408</b>	<b>5,000,223</b>	<b>41,048,387</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Encumbrances	39,121	3,198,699	--	16,590	3,652,543
U.S. Housing and Urban Development loans	--	--	--	3,094,976	3,094,976
Debt service - principal	--	--	--	--	--
Debt service - interest	--	--	--	--	--
Subsequent year expenditures	1,002,110	--	1,101,780	--	15,107,440
Continuing projects	3,613,415	2,302,587	--	3,165,912	10,103,951
<b>Unreserved:</b>					
Undesignated	1,086,502	592,481	9,441,837	273,846	47,122,373
<b>Total fund balances</b>	<b>5,741,148</b>	<b>6,093,767</b>	<b>10,543,617</b>	<b>6,551,324</b>	<b>79,081,283</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,846,123</b>	<b>\$ 8,110,427</b>	<b>\$ 11,524,025</b>	<b>\$ 11,551,547</b>	<b>\$ 120,129,670</b>

The accompanying notes are an integral part of this statement.

Debt Service

City Sales Tax Bonds	Parish Sales Tax Bonds	State and Local Government Securities	Taxable Refunding Bonds	Excess Revenue and Limited Tax	Total	Total Nonmajor Governmental Funds
\$ 2,335,982	\$ 98,451	\$ 2,471,570	\$ --	\$ --	\$ 4,906,003	\$ 29,984,253
19,651,382	620,131	--	--	--	20,271,513	60,239,770
--	--	--	--	--	--	7,719,731
--	--	--	--	--	--	1,393,707
--	--	--	--	--	--	1,439,916
284,199	8,302	--	--	--	292,501	475,304
--	--	--	--	--	--	41,252,030
--	--	--	--	--	--	3,094,976
<u>\$ 22,271,563</u>	<u>\$ 726,884</u>	<u>\$ 2,471,570</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 25,470,017</u>	<u>\$ 145,599,687</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 6,135,781
--	--	--	--	--	--	29,825,484
--	--	--	--	--	--	124,332
--	--	--	--	--	--	853,500
--	--	--	--	--	--	3,853,561
--	--	--	--	--	--	255,729
--	--	--	--	--	--	41,048,387
--	--	--	--	--	--	3,652,543
--	--	--	--	--	--	3,094,976
14,662,500	687,083	2,469,333	--	--	17,818,916	17,818,916
7,609,063	39,801	2,237	--	--	7,651,101	7,651,101
--	--	--	--	--	--	15,107,440
--	--	--	--	--	--	10,103,951
--	--	--	--	--	--	47,122,373
<u>22,271,563</u>	<u>726,884</u>	<u>2,471,570</u>	<u>--</u>	<u>--</u>	<u>25,470,017</u>	<u>104,551,300</u>
<u>\$ 22,271,563</u>	<u>\$ 726,884</u>	<u>\$ 2,471,570</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 25,470,017</u>	<u>\$ 145,599,687</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Special Revenue				
	Juror Compensation	City Constable Court Costs	Mosquito Abatement and Rodent Control	Library Board of Control	Downtown Development District
<b>REVENUES</b>					
Taxes:					
Property	\$ --	\$ --	\$ 2,752,398	\$ 22,481,488	\$ 336,201
Sales	--	--	--	--	--
Licenses and permits	--	--	--	--	--
Intergovernmental revenues	--	6,785	--	--	--
Charges for services	265,250	440,354	18,479	75,823	--
Fines and forfeits	--	94,111	--	344,759	--
Investment earnings	(342)	691	10,747	557,854	(2,214)
Miscellaneous revenues	--	--	117	12,528	29,500
Total revenues	<u>264,908</u>	<u>541,941</u>	<u>2,781,741</u>	<u>23,472,452</u>	<u>363,487</u>
<b>EXPENDITURES</b>					
Current:					
General government	349,186	521,182	--	--	--
Public safety	--	--	--	--	--
Transportation	--	--	--	--	--
Sanitation	--	--	--	--	--
Health and welfare	--	--	3,021,241	--	--
Culture and recreation	--	--	--	16,833,083	--
Conservation and development	--	--	--	--	409,074
Debt service:					
Principal retirement	--	--	--	--	--
Interest and fiscal charges	--	--	--	--	--
Capital outlay	--	--	370,783	77,702	--
Intergovernmental	--	--	--	--	--
Total expenditures	<u>349,186</u>	<u>521,182</u>	<u>3,392,024</u>	<u>16,910,785</u>	<u>409,074</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84,278)</u>	<u>20,759</u>	<u>(610,283)</u>	<u>6,561,667</u>	<u>(45,587)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	86,660	--	--	--	18,221
Transfers out	--	--	--	(12,950,000)	--
Proceeds of capital asset disposition	--	--	4,340	8,259	--
Total other financing sources and uses	<u>86,660</u>	<u>--</u>	<u>4,340</u>	<u>(12,941,741)</u>	<u>18,221</u>
Net change in fund balances	2,382	20,759	(605,943)	(6,380,074)	(27,366)
Fund balances, January 1	<u>15,038</u>	<u>--</u>	<u>2,434,653</u>	<u>34,766,310</u>	<u>33,381</u>
Fund balances, December 31	<u>\$ 17,420</u>	<u>\$ 20,759</u>	<u>\$ 1,828,710</u>	<u>\$ 28,386,236</u>	<u>\$ 6,015</u>

The accompanying notes are an integral part of this statement.

Continued

Special Revenue						
Gaming Enforcement Division	Animal Control Center	Federal Forfeited Property	E.B.R. Parish Communications District	Emergency Medical Services	B.R. Fire Department Pay Enhancement	Consolidated Road Lighting District No. 1
\$ --	\$ --	\$ --	\$ --	\$ 6,087,907	\$ 7,584,319	\$ 600,343
--	--	--	--	--	--	--
--	366,458	--	--	--	--	--
3,600	--	--	--	--	--	74,019
76,465	110,444	--	2,949,669	5,626,874	--	--
--	--	103,753	--	--	--	--
141	1,302	5,470	36,814	110,124	(37,762)	33,763
--	83,531	--	1,240	92,041	--	--
<u>80,206</u>	<u>561,735</u>	<u>109,223</u>	<u>2,987,723</u>	<u>11,916,946</u>	<u>7,546,557</u>	<u>708,125</u>
78,982	--	--	--	--	--	--
--	--	95,703	3,350,381	10,329,004	7,344,562	--
--	--	--	--	--	--	478,713
--	--	--	--	--	--	--
--	1,140,090	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	60,387	60,000	78,417	282,384	--	--
--	--	--	--	--	--	--
<u>78,982</u>	<u>1,200,477</u>	<u>155,703</u>	<u>3,428,798</u>	<u>10,611,388</u>	<u>7,344,562</u>	<u>478,713</u>
1,224	(638,742)	(46,480)	(441,075)	1,305,558	201,995	229,412
--	624,712	--	553,324	--	--	--
--	--	--	--	(678,324)	--	--
1,710	2,850	--	--	3,100	--	--
<u>1,710</u>	<u>627,562</u>	<u>--</u>	<u>553,324</u>	<u>(675,224)</u>	<u>--</u>	<u>--</u>
2,934	(11,180)	(46,480)	112,249	630,334	201,995	229,412
<u>3,760</u>	<u>67,325</u>	<u>432,606</u>	<u>3,067,170</u>	<u>11,642,798</u>	<u>941,493</u>	<u>2,617,871</u>
<u>\$ 6,694</u>	<u>\$ 56,145</u>	<u>\$ 386,126</u>	<u>\$ 3,179,419</u>	<u>\$ 12,273,132</u>	<u>\$ 1,143,488</u>	<u>\$ 2,847,283</u>

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Parish Transportation	Parish Street Maintenance	Special Revenue		Total
			Consolidated Garbage Service District No. 1	Grants	
<b>REVENUES</b>					
Taxes:					
Property	\$ --	\$ --	\$ 4,711,422	\$ --	\$ 44,554,078
Sales	--	13,287,705	--	--	13,287,705
Licenses and permits	--	--	--	--	366,458
Intergovernmental revenues	2,832,614	--	771,286	36,095,564	39,783,868
Charges for services	--	--	5,883,342	--	15,446,700
Fines and forfeits	--	--	--	--	542,623
Investment earnings	71,437	101,386	120,338	33,384	1,043,133
Miscellaneous revenues	--	--	--	3,578,742	3,797,699
Total revenues	<u>2,904,051</u>	<u>13,389,091</u>	<u>11,486,388</u>	<u>39,707,690</u>	<u>118,822,264</u>
<b>EXPENDITURES</b>					
Current:					
General government	--	--	--	166,378	1,115,728
Public safety	--	--	--	2,896,843	24,016,493
Transportation	1,114,947	13,089,066	--	459,132	15,141,858
Sanitation	--	--	10,502,847	--	10,502,847
Health and welfare	--	--	--	1,011,290	5,172,621
Culture and recreation	--	--	--	178,873	17,011,956
Conservation and development	--	--	--	32,561,506	32,970,580
Debt service:					
Principal retirement	--	--	--	--	--
Interest and fiscal charges	--	--	--	--	--
Capital outlay	618,628	--	--	2,278,619	3,826,920
Intergovernmental	947,230	--	--	--	947,230
Total expenditures	<u>2,680,805</u>	<u>13,089,066</u>	<u>10,502,847</u>	<u>39,552,641</u>	<u>110,706,233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>223,246</u>	<u>300,025</u>	<u>983,541</u>	<u>155,049</u>	<u>8,116,031</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	--	--	--	256,540	1,539,457
Transfers out	--	--	(2,650,410)	--	(16,278,734)
Proceeds of capital asset disposition	--	--	--	3,612	23,871
Total other financing sources and uses	--	--	(2,650,410)	260,152	(14,715,406)
Net change in fund balances	223,246	300,025	(1,666,869)	415,201	(6,599,375)
Fund balances, January 1	<u>5,517,902</u>	<u>5,793,742</u>	<u>12,210,486</u>	<u>6,136,123</u>	<u>85,680,658</u>
Fund balances, December 31	<u>\$ 5,741,148</u>	<u>\$ 6,093,767</u>	<u>\$ 10,543,617</u>	<u>\$ 6,551,324</u>	<u>\$ 79,081,283</u>

The accompanying notes are an integral part of this statement.

Debt Service

City Sales Tax Bonds	Parish Sales Tax Bonds	State and Local Government Securities	Taxable Refunding Bonds	Excess Revenue and Limited Tax	Total	Total Nonmajor Governmental Funds
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 44,554,078
14,971,063	619,488	--	--	--	15,590,551	28,878,256
--	--	--	--	--	--	366,458
--	--	--	--	--	--	39,783,868
--	--	--	--	--	--	15,446,700
--	--	--	--	--	--	542,623
717,222	21,617	144,982	--	--	883,821	1,926,954
--	--	--	--	--	--	3,797,699
<u>15,688,285</u>	<u>641,105</u>	<u>144,982</u>	<u>--</u>	<u>--</u>	<u>16,474,372</u>	<u>135,296,636</u>
--	--	--	--	--	--	1,115,728
--	--	--	--	--	--	24,016,493
--	--	--	--	--	--	15,141,858
--	--	--	--	--	--	10,502,847
--	--	--	--	--	--	5,172,621
--	--	--	--	--	--	17,011,956
--	--	--	--	--	--	32,970,580
9,850,000	525,000	--	1,500,000	383,269	12,258,269	12,258,269
5,813,785	116,522	--	3,742,265	47,513	9,720,085	9,720,085
--	--	--	--	--	--	3,826,920
--	--	--	--	--	--	947,230
<u>15,663,785</u>	<u>641,522</u>	<u>--</u>	<u>5,242,265</u>	<u>430,782</u>	<u>21,978,354</u>	<u>132,684,587</u>
<u>24,500</u>	<u>(417)</u>	<u>144,982</u>	<u>(5,242,265)</u>	<u>(430,782)</u>	<u>(5,503,982)</u>	<u>2,612,049</u>
--	--	--	5,242,265	430,782	5,673,047	7,212,504
--	--	(1,014,482)	--	--	(1,014,482)	(17,293,216)
--	--	--	--	--	--	23,871
--	--	(1,014,482)	5,242,265	430,782	4,658,565	(10,056,841)
24,500	(417)	(869,500)	--	--	(845,417)	(7,444,792)
<u>22,247,063</u>	<u>727,301</u>	<u>3,341,070</u>	<u>--</u>	<u>--</u>	<u>26,315,434</u>	<u>111,996,092</u>
<u>\$ 22,271,563</u>	<u>\$ 726,884</u>	<u>\$ 2,471,570</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 25,470,017</u>	<u>\$ 104,551,300</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 3

	Prior Years	Current Year	Total to Date	Project Authorization
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 3,835	\$ --	\$ 3,835	\$ 3,835
General sales and use taxes	109,693,694	17,870,665	127,564,359	126,991,240
Total taxes	109,697,529	17,870,665	127,568,194	126,995,075
Intergovernmental revenues:				
Federal grants:				
U. S. Federal Transit Authority	556,467	15,182	571,649	571,649
U. S. Department of HUD	--	--	--	223,538
State grants:				
Department of Public Safety and Corrections	23,552,128	3,383,727	26,935,855	34,908,046
Department of Transportation and Development	13,768,410	11,426	13,779,836	14,041,511
Louisiana State Capital Outlay Bill	8,603,756	3,053,054	11,656,810	13,750,000
Department of Treasury	1,161,000	--	1,161,000	1,161,000
Pride Fire Protection District	10,353	--	10,353	10,353
E.B.R. Parish Sheriff	500,000	--	500,000	500,000
Total intergovernmental revenues	48,152,114	6,463,389	54,615,503	65,166,097
Charges for Services:				
District court civil and criminal fees	639,739	1,816,482	2,456,221	2,498,000
Investment earnings	14,739,412	1,145,012	15,884,424	15,288,471
Miscellaneous revenues:				
Interest earned on assessments	4,984	--	4,984	4,984
Lease of old pistol range land	325,000	--	325,000	325,000
Special assessments	31,354	3,669	35,023	31,332
Contributions from private business	1,168,818	328,726	1,497,544	963,299
Contributions from government agencies	24,138	--	24,138	12,637
Donations	278,360	--	278,360	278,360
Total miscellaneous revenues	1,832,654	332,395	2,165,049	1,615,612
Total revenues	175,061,448	27,627,943	202,689,391	211,563,255
<b>EXPENDITURES</b>				
Land	16,969,518	2,354,058	19,323,576	31,682,835
Buildings	60,909,691	9,576,816	70,486,507	95,826,388
Improvements other than buildings	141,781,874	25,314,395	167,096,269	228,973,134
Equipment	14,323,412	3,848,159	18,171,571	23,129,687
Other	345,204	44,552	389,756	819,022
Total expenditures	234,329,699	41,137,980	275,467,679	380,431,066
Excess (deficiency) of revenues over (under) expenditures	(59,268,251)	(13,510,037)	(72,778,288)	(168,867,811)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	140,189,038	21,982,669	162,171,707	162,171,707
Transfers out	(43,009,026)	(6,122,527)	(49,131,553)	(52,255,997)
Proceeds from long term debt	54,188,517	--	54,188,517	54,188,517
Increase in long term lease	4,763,584	--	4,763,584	4,763,584
Total other financing sources and uses	156,132,113	15,860,142	171,992,255	168,867,811
Net change in fund balances	\$ 96,863,862	2,350,105	\$ 99,213,967	\$ --
Fund balances, January 1		96,863,862		
Fund balances, December 31		\$ 99,213,967		

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
JUROR COMPENSATION SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 4

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services:				
Criminal juror fees	\$ 140,000	\$ 140,000	\$ 146,748	\$ 6,748
Civil juror fees	110,900	110,900	118,502	7,602
Total charges for services	<u>250,900</u>	<u>250,900</u>	<u>265,250</u>	<u>14,350</u>
Investment earnings	<u>(228)</u>	<u>(228)</u>	<u>(342)</u>	<u>(114)</u>
Total revenues	250,672	250,672	264,908	14,236
<b>EXPENDITURES</b>				
Current:				
General government:				
Juror compensation	<u>352,370</u>	<u>352,370</u>	<u>349,186</u>	<u>3,184</u>
Excess (deficiency) of revenues over (under) expenditures	(101,698)	(101,698)	(84,278)	17,420
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
General Fund	<u>--</u>	<u>86,660</u>	<u>86,660</u>	<u>--</u>
Net change in fund balances	(101,698)	(15,038)	2,382	17,420
Fund balances, January 1	<u>15,038</u>	<u>15,038</u>	<u>15,038</u>	<u>--</u>
Fund balances, December 31	<u>\$ (86,660)</u>	<u>\$ --</u>	<u>\$ 17,420</u>	<u>\$ 17,420</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CITY CONSTABLE COURT COSTS SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 5

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues:				
State shared revenues:				
On-behalf payments	\$ 24,000	\$ 6,510	\$ 6,785	\$ 275
Charges for services:				
Judiciary court costs	430,580	332,000	327,610	(4,390)
School security fees	25,000	25,000	18,811	(6,189)
Constable bench warrant fees	48,000	40,000	45,179	5,179
Evidence testing	12,000	35,000	48,434	13,434
Service of eviction notices	500	500	320	(180)
Total charges for services	<u>516,080</u>	<u>432,500</u>	<u>440,354</u>	<u>7,854</u>
Fines and forfeits:				
City court forfeitures	<u>60,000</u>	<u>110,000</u>	<u>94,111</u>	<u>(15,889)</u>
Investment earnings				
	<u>--</u>	<u>--</u>	<u>691</u>	<u>691</u>
Total revenues	<u>600,080</u>	<u>549,010</u>	<u>541,941</u>	<u>(7,069)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Judicial	600,080	498,030	521,182	(23,152)
Capital outlay				
	<u>--</u>	<u>50,980</u>	<u>--</u>	<u>50,980</u>
Total expenditures	<u>600,080</u>	<u>549,010</u>	<u>521,182</u>	<u>27,828</u>
Excess (deficiency) of revenues over (under) expenditures	--	--	20,759	20,759
Fund balances, January 1				
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances, December 31	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 20,759</u>	<u>\$ 20,759</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
MOSQUITO ABATEMENT AND RODENT CONTROL SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 6

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 2,428,190	\$ 2,460,190	\$ 2,752,398	\$ 292,208
Charges for services:				
Out of parish spraying	29,500	29,500	18,479	(11,021)
Investment earnings	43,000	43,000	10,747	(32,253)
Miscellaneous revenues:				
Other income	500	500	117	(383)
Total revenues	<u>2,501,190</u>	<u>2,533,190</u>	<u>2,781,741</u>	<u>248,551</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare:				
Operations	2,443,570	3,065,570	3,021,241	44,329
Capital outlay	<u>694,888</u>	<u>634,888</u>	<u>430,836</u>	<u>204,052</u>
Total expenditures	<u>3,138,458</u>	<u>3,700,458</u>	<u>3,452,077</u>	<u>248,381</u>
Excess (deficiency) of revenues over (under) expenditures	(637,268)	(1,167,268)	(670,336)	496,932
<b>OTHER FINANCING SOURCES</b>				
Proceeds of capital asset disposition	<u>3,000</u>	<u>3,000</u>	<u>4,340</u>	<u>1,340</u>
Net change in fund balances	(634,268)	(1,164,268)	(665,996)	498,272
Fund balances, January 1	<u>2,434,653</u>	<u>2,434,653</u>	<u>2,434,653</u>	<u>--</u>
Fund balances, December 31	<u>\$ 1,800,385</u>	<u>\$ 1,270,385</u>	<u>\$ 1,768,657</u>	<u>\$ 498,272</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
LIBRARY BOARD OF CONTROL SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 7

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 20,195,000	\$ 20,195,000	\$ 22,481,488	\$ 2,286,488
Charges for services:				
Library - copy machine	80,000	80,000	75,823	(4,177)
Fines and forfeits:				
Fines	300,000	300,000	344,759	44,759
Investment earnings	500,000	500,000	557,854	57,854
Miscellaneous revenues:				
Donations	5,000	5,000	9,035	4,035
Other income	500	500	3,493	2,993
Total miscellaneous revenues	5,500	5,500	12,528	7,028
Total revenues	21,080,500	21,080,500	23,472,452	2,391,952
<b>EXPENDITURES</b>				
Current:				
Culture and recreation:				
Operations	17,624,913	17,610,713	16,960,073	650,640
Capital outlay	87,913	102,113	91,139	10,974
Total expenditures	17,712,826	17,712,826	17,051,212	661,614
Excess (deficiency) of revenues over (under) expenditures	3,367,674	3,367,674	6,421,240	3,053,566
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out:				
Capital Projects Fund	(12,950,000)	(12,950,000)	(12,950,000)	--
Proceeds of capital asset disposition	--	--	8,259	8,259
Total other financing sources and uses	(12,950,000)	(12,950,000)	(12,941,741)	8,259
Net change in fund balances	(9,582,326)	(9,582,326)	(6,520,501)	3,061,825
Fund balances, January 1	34,766,310	34,766,310	34,766,310	--
Fund balances, December 31	\$ 25,183,984	\$ 25,183,984	\$ 28,245,809	\$ 3,061,825

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DOWNTOWN DEVELOPMENT DISTRICT SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 8

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 351,000	\$ 351,000	\$ 336,201	\$ (14,799)
Investment earnings	(2,500)	(2,500)	(2,214)	286
Miscellaneous revenues:				
Donations	<u>16,000</u>	<u>31,000</u>	<u>29,500</u>	<u>(1,500)</u>
Total revenues	364,500	379,500	363,487	(16,013)
<b>EXPENDITURES</b>				
Current:				
Conservation and development:				
Operations	<u>364,500</u>	<u>404,901</u>	<u>409,074</u>	<u>(4,173)</u>
Excess (deficiency) of revenues over (under) expenditures	--	(25,401)	(45,587)	(20,186)
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
General Fund	<u>--</u>	<u>18,221</u>	<u>18,221</u>	<u>--</u>
Net change in fund balances	--	(7,180)	(27,366)	(20,186)
Fund balances, January 1	<u>33,381</u>	<u>33,381</u>	<u>33,381</u>	<u>--</u>
Fund balances, December 31	<u>\$ 33,381</u>	<u>\$ 26,201</u>	<u>\$ 6,015</u>	<u>\$ (20,186)</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GAMING ENFORCEMENT DIVISION SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 9

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues:				
State shared revenues:				
On-behalf payments	\$ 3,600	\$ 3,600	\$ 3,600	\$ --
Charges for services:				
Gaming fees	73,250	73,250	76,465	3,215
Investment earnings	--	--	141	141
Total revenues	76,850	76,850	80,206	3,356
<b>EXPENDITURES</b>				
Current:				
General government:				
Operations	76,040	78,640	78,982	(342)
Excess (deficiency) of revenues over (under) expenditures	810	(1,790)	1,224	3,014
<b>OTHER FINANCING SOURCES</b>				
Proceeds of capital asset disposition	--	800	1,710	910
Net change in fund balances	810	(990)	2,934	3,924
Fund balances, January 1	3,760	3,760	3,760	--
Fund balances, December 31	<u>\$ 4,570</u>	<u>\$ 2,770</u>	<u>\$ 6,694</u>	<u>\$ 3,924</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ANIMAL CONTROL CENTER SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 10

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses and permits:				
Licenses	\$ 340,000	\$ 340,000	\$ 366,458	\$ 26,458
Charges for services:				
Shelter income	66,000	76,000	72,831	(3,169)
Outside sales	15,000	15,000	13,370	(1,630)
Veterinary services	30,000	30,000	24,243	(5,757)
Total charges for services	111,000	121,000	110,444	(10,556)
Investment earnings	600	600	1,302	702
Miscellaneous revenues:				
Contributions from government agencies	44,000	44,000	41,050	(2,950)
Donations	--	15,000	22,481	7,481
Other income	--	20,000	20,000	--
Total miscellaneous revenues	44,000	79,000	83,531	4,531
Total revenues	495,600	540,600	561,735	21,135
<b>EXPENDITURES</b>				
Current:				
Health and welfare:				
Operations	1,071,020	1,157,312	1,140,090	17,222
Capital outlay	47,630	55,630	60,387	(4,757)
Total expenditures	1,118,650	1,212,942	1,200,477	12,465
Excess (deficiency) of revenues over (under) expenditures	(623,050)	(672,342)	(638,742)	33,600
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
General Fund	575,420	624,712	624,712	--
Proceeds of capital asset disposition	--	--	2,850	2,850
Total other financing sources	575,420	624,712	627,562	2,850
Net change in fund balances	(47,630)	(47,630)	(11,180)	36,450
Fund balances, January 1	67,325	67,325	67,325	--
Fund balances, December 31	\$ 19,695	\$ 19,695	\$ 56,145	\$ 36,450

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FEDERAL FORFEITED PROPERTY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 11

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Fines and forfeits:				
Forfeited property	\$ 200,000	\$ 200,000	\$ 103,753	\$ (96,247)
Investment earnings	--	--	5,470	5,470
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>109,223</u>	<u>(90,777)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Dedicated funds	157,709	159,390	95,703	63,687
Capital outlay	<u>474,030</u>	<u>472,349</u>	<u>60,000</u>	<u>412,349</u>
Total expenditures	<u>631,739</u>	<u>631,739</u>	<u>155,703</u>	<u>476,036</u>
Excess (deficiency) of revenues over (under) expenditures	(431,739)	(431,739)	(46,480)	385,259
Fund balances, January 1	<u>432,606</u>	<u>432,606</u>	<u>432,606</u>	--
Fund balances, December 31	<u>\$ 867</u>	<u>\$ 867</u>	<u>\$ 386,126</u>	<u>\$ 385,259</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 12

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services:				
Enhanced 911	\$ 3,064,210	\$ 3,064,210	\$ 2,949,669	\$ (114,541)
Investment earnings	--	--	36,814	36,814
Miscellaneous revenues:				
Other income	--	--	1,240	1,240
Total revenues	<u>3,064,210</u>	<u>3,064,210</u>	<u>2,987,723</u>	<u>(76,487)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Communications	3,662,895	3,699,895	3,350,381	349,514
Capital outlay	<u>378,417</u>	<u>341,417</u>	<u>78,417</u>	<u>263,000</u>
Total expenditures	<u>4,041,312</u>	<u>4,041,312</u>	<u>3,428,798</u>	<u>612,514</u>
Excess (deficiency) of revenues over (under) expenditures	(977,102)	(977,102)	(441,075)	536,027
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
Emergency Medical Services Fund	<u>597,000</u>	<u>597,000</u>	<u>553,324</u>	<u>(43,676)</u>
Net change in fund balances	(380,102)	(380,102)	112,249	492,351
Fund balances, January 1	<u>3,067,170</u>	<u>3,067,170</u>	<u>3,067,170</u>	--
Fund balances, December 31	<u>\$ 2,687,068</u>	<u>\$ 2,687,068</u>	<u>\$ 3,179,419</u>	<u>\$ 492,351</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 13

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 5,771,390	\$ 5,771,390	\$ 6,087,907	\$ 316,517
Charges for services:				
Emergency transport charges	5,318,200	5,318,200	5,626,874	308,674
Investment earnings	109,850	109,850	110,124	274
Miscellaneous revenues:				
Donations	--	--	50,000	50,000
Other income	25,950	25,950	42,041	16,091
Total miscellaneous revenues	25,950	25,950	92,041	66,091
Total revenues	11,225,390	11,225,390	11,916,946	691,556
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Operations	10,903,016	10,828,016	10,380,344	447,672
Capital outlay	426,032	941,032	428,697	512,335
Total expenditures	11,329,048	11,769,048	10,809,041	960,007
Excess (deficiency) of revenues over (under) expenditures	(103,658)	(543,658)	1,107,905	1,651,563
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out:				
General Fund	--	(125,000)	(125,000)	--
East Baton Rouge Parish Communications District	(597,000)	(597,000)	(553,324)	43,676
Total transfers out	(597,000)	(722,000)	(678,324)	43,676
Proceeds of capital asset disposition	--	--	3,100	3,100
Total other financing sources and uses	(597,000)	(722,000)	(675,224)	46,776
Net change in fund balances	(700,658)	(1,265,658)	432,681	1,698,339
Fund balances, January 1	11,642,798	11,642,798	11,642,798	--
Fund balances, December 31	\$ 10,942,140	\$ 10,377,140	\$ 12,075,479	\$ 1,698,339

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
BATON ROUGE FIRE DEPARTMENT PAY ENHANCEMENT SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 14

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 6,893,260	\$ 6,989,260	\$ 7,584,319	\$ 595,059
Investment earnings	(60,000)	(60,000)	(37,762)	22,238
Total revenues	6,833,260	6,929,260	7,546,557	617,297
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Operations	6,413,320	7,338,840	7,344,562	(5,722)
Excess (deficiency) of revenues over (under) expenditures	419,940	(409,580)	201,995	611,575
Fund balances, January 1	941,493	941,493	941,493	--
Fund balances, December 31	<u>\$ 1,361,433</u>	<u>\$ 531,913</u>	<u>\$ 1,143,488</u>	<u>\$ 611,575</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CONSOLIDATED ROAD LIGHTING DISTRICT NO. 1 SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 15

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 569,130	\$ 569,130	\$ 600,343	\$ 31,213
Intergovernmental revenues:				
State shared revenues:				
Louisiana revenue sharing	73,500	73,500	74,019	519
Investment earnings	36,000	36,000	33,763	(2,237)
Total revenues	678,630	678,630	708,125	29,495
<b>EXPENDITURES</b>				
Current:				
Transportation:				
Operations	652,300	652,300	478,713	173,587
Excess (deficiency) of revenues over (under) expenditures	26,330	26,330	229,412	203,082
Fund balances, January 1	2,617,871	2,617,871	2,617,871	--
Fund balances, December 31	\$ 2,644,201	\$ 2,644,201	\$ 2,847,283	\$ 203,082

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
PARISH TRANSPORTATION SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 16

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues:				
State shared revenues:				
State road fund	\$ 2,500,000	\$ 2,500,000	\$ 2,832,614	\$ 332,614
Investment earnings	<u>60,000</u>	<u>60,000</u>	<u>71,437</u>	<u>11,437</u>
Total revenues	<u>2,560,000</u>	<u>2,560,000</u>	<u>2,904,051</u>	<u>344,051</u>
<b>EXPENDITURES</b>				
Current:				
Transportation:				
Operations	1,474,900	1,474,900	1,114,946	359,954
Capital outlay	4,271,164	4,271,164	657,750	3,613,414
Intergovernmental	<u>947,230</u>	<u>947,230</u>	<u>947,230</u>	<u>--</u>
Total expenditures	<u>6,693,294</u>	<u>6,693,294</u>	<u>2,719,926</u>	<u>3,973,368</u>
Excess (deficiency) of revenues over (under) expenditures	(4,133,294)	(4,133,294)	184,125	4,317,419
Fund balances, January 1	<u>5,517,902</u>	<u>5,517,902</u>	<u>5,517,902</u>	<u>--</u>
Fund balances, December 31	<u>\$ 1,384,608</u>	<u>\$ 1,384,608</u>	<u>\$ 5,702,027</u>	<u>\$ 4,317,419</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
PARISH STREET MAINTENANCE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 17

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
General sales and use taxes	\$ 13,276,190	\$ 13,276,190	\$ 13,287,705	\$ 11,515
Investment earnings	80,000	80,000	101,386	21,386
Total revenues	13,356,190	13,356,190	13,389,091	32,901
<b>EXPENDITURES</b>				
Current:				
Transportation:				
Street maintenance	18,590,352	18,590,352	16,287,765	2,302,587
Excess (deficiency) of revenues over (under) expenditures	(5,234,162)	(5,234,162)	(2,898,674)	2,335,488
Fund balances, January 1	5,793,742	5,793,742	5,793,742	--
Fund balances, December 31	<u>\$ 559,580</u>	<u>\$ 559,580</u>	<u>\$ 2,895,068</u>	<u>\$ 2,335,488</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CONSOLIDATED GARBAGE SERVICE DISTRICT NO. 1 SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 18

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 4,348,660	\$ 4,348,660	\$ 4,711,422	\$ 362,762
Intergovernmental revenues:				
State shared revenues:				
Louisiana revenue sharing	775,010	775,010	771,286	(3,724)
Charges for services:				
Solid waste user fees	5,781,040	5,781,040	5,883,342	102,302
Investment earnings	120,000	120,000	120,338	338
Total revenues	11,024,710	11,024,710	11,486,388	461,678
<b>EXPENDITURES</b>				
Current:				
Sanitation:				
Operations	10,543,210	10,543,210	10,502,847	40,363
Excess (deficiency) of revenues over (under) expenditures	481,500	481,500	983,541	502,041
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out:				
General Fund	(1,133,010)	(1,133,010)	(1,133,010)	--
Solid Waste Disposal Facility	--	(1,517,400)	(1,517,400)	--
Total Transfers out	(1,133,010)	(2,650,410)	(2,650,410)	--
Net change in fund balances	(651,510)	(2,168,910)	(1,666,869)	502,041
Fund balances, January 1	12,210,486	12,210,486	12,210,486	--
Fund balances, December 31	\$ 11,558,976	\$ 10,041,576	\$ 10,543,617	\$ 502,041

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**GRANTS SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 19

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues:				
Federal grants:				
Federal Emergency Management Agency	\$ 856,904	\$ 856,904	\$ 149,884	\$ (707,020)
Department of Justice	2,342,103	2,341,941	1,020,843	(1,321,098)
Office of National Drug Control Policy	6,624	6,624	6,624	--
Department of Transportation	338,375	441,895	89,491	(352,404)
Department of the Interior	6,233	6,233	6,233	--
Department of Health and Human Services	8,792,969	9,398,083	8,752,843	(645,240)
Department of Housing and Urban Development	36,457,080	34,783,266	14,348,151	(20,435,115)
Department of Agriculture	153,461	153,461	153,461	--
Environmental Protection Agency	445,995	445,995	244,203	(201,792)
State grants:				
Department of Health and Hospitals	44,305	44,305	44,305	--
Highway Safety Commission	117,067	117,067	70,465	(46,602)
Commission on Law Enforcement	887,665	889,301	661,245	(228,056)
Department of Military Affairs	6,040,738	6,046,836	268,403	(5,778,433)
Department of Public Safety and Corrections	1,312,484	1,312,484	1,114,093	(198,391)
Office of the Governor	1,637,562	1,630,466	88,737	(1,541,729)
Louisiana State Supreme Court	82,583	82,583	65,014	(17,569)
Department of Revenue	20,000	19,940	19,940	--
Department of Transportation and Development	248,456	248,456	91,620	(156,836)
Louisiana Housing Finance Agency	659,192	487,797	226,476	(261,321)
Department of Culture, Recreation and Tourism	185,050	185,050	93,769	(91,281)
Louisiana Endowment for the Humanities	19,460	19,460	2,153	(17,307)
Louisiana Department of Treasury	124,422	174,422	63,822	(110,600)
Department of Social Services	859,034	756,926	433,960	(322,966)
Department of Labor	9,488,070	10,390,861	5,955,748	(4,435,113)
Department of Environmental Quality	543,225	553,225	178,609	(374,616)
Department of Agriculture	27,963	26,170	18,170	(8,000)
Department of Education	2,686,325	2,536,667	1,721,311	(815,356)
Department of Economic Development	76,801	86,330	42,098	(44,232)
Other grants:				
Capital Region Planning Commission	87,337	95,700	55,698	(40,002)
Entergy	35,305	35,305	33,929	(1,376)
Pennington Foundation	42,502	42,502	42,502	--
Summerlee Foundation	496	496	--	(496)
North Baton Rouge Chemical Industry Task Force	1,475	2,675	2,351	(324)
Arts Council of Greater Baton Rouge	17,097	17,097	10,116	(6,981)
Capital Area United Way	19,297	19,297	19,297	--
Total intergovernmental revenues	<u>74,663,655</u>	<u>74,255,820</u>	<u>36,095,564</u>	<u>(38,160,256)</u>
Investment earnings	--	11,537	33,384	21,847
Miscellaneous revenues:				
Program income (Housing and Urban Development)	650,000	1,080,296	1,080,296	--
Condemnations (Housing and Urban Development)	--	2,302	2,302	--
Headstart - in kind contributions	2,034,761	2,157,470	2,157,470	--
Contributions from other agencies	327,152	327,152	327,152	--
Other	--	--	11,522	11,522
Total miscellaneous revenues	<u>3,011,913</u>	<u>3,567,220</u>	<u>3,578,742</u>	<u>11,522</u>
Total revenues	<u>77,675,568</u>	<u>77,834,577</u>	<u>39,707,690</u>	<u>(38,126,887)</u>

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**GRANTS SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 19  
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Current:				
General government:				
City Constable - Domestic Violence Grant	\$ 449,316	\$ 449,316	\$ 112,200	\$ 337,116
National Spatial Data Infrastructure Program	6,233	6,233	6,233	--
Governor's Safe and Drug Free Schools and Communities	46,307	44,011	27,175	16,836
General Appropriation Act-City Constable	50,000	50,000	--	50,000
City Constable - DARE	34,190	31,058	19,941	11,117
City Constable Electronic Equipment	829	829	829	--
Louisiana Commission on Law Enforcement-Info Sharing	13,417	13,417	--	13,417
Total general government	600,292	594,864	166,378	428,486
Public safety:				
FEMA-Metropolitan Medical Response System	602,955	602,955	--	602,955
Local Law Enforcement Block Grant	613,406	506,692	350,000	156,692
Drug-free Communities	223,008	223,008	142,010	80,998
Domestic Preparedness Equipment Program	30,414	30,414	21,595	8,819
Project Sentry	244,313	244,313	95,940	148,373
Personal Protective Equipment Grant	63	--	--	--
Project Safe Neighborhoods	92,455	92,455	77,942	14,513
Police Intelligence Technology Grant	100	--	--	--
Community Prosecution and Project Safe Neighborhoods	224,722	224,722	93,292	131,430
Project Safe Neighborhoods Community Outreach Program	517,197	517,197	125,608	391,589
First Responder Training	225	225	225	--
Metropolitan Medical Response System	194,194	194,194	172,918	21,276
Ecstasy and Club Drug Infrastructure Development	44,647	--	--	--
Medical Reserve Corps	50,000	100,000	45,726	54,274
East Baton Rouge Parish Jail Diversion Program	300,000	300,000	84,483	215,517
High Intensity Drug Trafficking Area	6,624	6,624	--	6,624
Rural Development Grant	19,350	19,330	19,330	--
Governor's Safe and Drug-free Schools and Community	45,906	41,125	20,750	20,375
Disaster Operations and Special Needs Shelter	38,805	44,305	44,305	--
State and Local Domestic Preparedness Equipment Program	662,594	662,594	381,901	280,693
Domestic Preparedness Equipment Grant: Urban Search and Rescue Funding	27,965	27,965	27,675	290
Title IV-E Reimbursements	283,680	283,680	91,002	192,678
Community Emergency Response Team Grant	5,385	11,484	11,484	--
Hurricane Lili-Tropical Storm Isidore Hazard Mitigation Plan	37,500	37,500	23,004	14,496
Enhanced Hazardous Materials Grant	4,026	4,026	4,026	--
Hazardous Materials Emergency Preparedness Grant	4,195	4,195	4,195	--
Citizen Corps Council	31,770	31,770	3,749	28,021
Supplemental Planning Grant	3,846	3,846	3,696	150
Regional Planning Grant	95,734	95,734	95,734	--
Regional Bioterrorism and Emergency Response Planning	60,000	60,000	16,858	43,142
Urban Areas Security Initiative Grant	3,224,687	3,224,687	119,841	3,104,846
Families In Need of Services	107,002	107,002	77,223	29,779
Juvenile and Underage Drinking Enforcement Task Force	20,000	19,940	19,940	--
Drug Abuse Resistance Education	99,709	104,478	67,594	36,884
City Court Electronic Equipment Enhancement	829	829	829	--
Juvenile Accountability Incentive Block Grant	510,026	510,026	319,192	190,834
Integrated Criminal Apprehension Project	152,787	152,787	136,778	16,009
Law Enforcement Terrorism Prevention Program	184,155	184,155	183,549	606
Reduce Underage Drinking	70,376	70,143	41,574	28,569
Operation Crossroads	57,831	57,831	33,958	23,873

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**GRANTS SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 19  
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (continued)</b>				
Current (continued):				
Public safety (continued):				
Shelter-in-Place Educational Partnership	\$ 1,475	\$ 2,675	\$ 2,352	\$ 323
Pennington Foundation Grants	42,502	42,502	42,502	--
Non-grant funds:				
Multi-Jurisdictional Investigative Narcotics				
Task Force Program Income	137,492	137,492	--	137,492
Total public safety	<u>9,073,950</u>	<u>8,984,900</u>	<u>3,002,780</u>	<u>5,982,120</u>
Transportation:				
Comite River at Port Hudson Road	204,615	204,615	204,615	--
Capital Area Transit	415,301	544,701	162,704	381,997
Street Name Sign Program	222,656	222,656	86,971	135,685
I-10/I12 Planter Enhancement	25,800	25,800	4,649	21,151
East Baton Rouge Flood Property Acquisition	126,788	126,788	2,848	123,940
Capital Region Planning Commission				
Transportation Planning Study	10,000	55,699	55,699	--
Mass transit local assistance	250,000	250,000	--	250,000
Total transportation	<u>1,255,160</u>	<u>1,430,259</u>	<u>517,486</u>	<u>912,773</u>
Health and welfare:				
Summer Food Program	1,079,460	929,802	929,802	--
Council on Aging Rural Development -Chaneyville	16,000	16,000	15,016	984
Low Income Housing Energy Assistance Program	120,096	150,342	34,957	115,385
Temporary Assistance to Needy Families	11,298	11,172	--	11,172
Federal Emergency Management Agency				
Emergency Shelter	19,297	19,297	19,297	--
Summerlee Foundation Grant	496	496	--	496
Non-grant funds:				
Health Insurance	468	468	--	468
Weatherization Assistance Program	640	640	--	640
Low Income Housing Energy Assistance Program	12,899	12,899	12,899	--
Summer Food Program	5,362	5,362	--	5,362
Temporary Assistance to Needy Families	96,660	96,660	--	96,660
Total health and welfare	<u>1,362,676</u>	<u>1,243,138</u>	<u>1,011,971</u>	<u>231,167</u>
Culture and recreation:				
State Aid to Public Libraries	182,725	182,725	182,725	--
Early Childhood Collection Grant	2,326	2,326	2,326	--
Louisiana Dept. of Treasury-American Bowling Conference	74,422	124,422	63,822	60,600
Decentralized Arts Funding Grant	30,004	30,004	21,282	8,722
Total culture and recreation	<u>289,477</u>	<u>339,477</u>	<u>270,155</u>	<u>69,322</u>
Conservation and development:				
Environmental Protection Agency				
Brownsfield Pilot Program	445,995	445,995	247,358	198,637
Section 8 Operating Reserve	125,427	276,977	--	276,977
Sharlo Terrace II	695,129	468,142	344,351	123,791
MOD I Section 8 Rehabilitation	47,280	--	--	--
MOD III Section 8 Rehabilitation	2,007	--	--	--
MOD IV Section 8 Rehabilitation	1,131,199	126,333	126,333	--
Section 8 Certificate Program	633,761	--	--	--
Section 8 Voucher Program	834,040	914,332	878,182	36,150

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**GRANTS SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 19  
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (continued)</b>				
Current (continued):				
Conservation and development (continued):				
Downtown Parking Structure Feasibility Study	\$ 44,122	\$ 44,122	\$ 41,000	\$ 3,122
Headstart	8,145,228	8,632,990	8,503,167	129,823
Urban Forestry Educational Enhancement	18,333	18,170	18,170	--
Arbor Week Community Education Initiative	8,000	8,000	--	8,000
Headstart Food Program	1,606,865	1,606,865	810,369	796,496
Community Services Block Grant:				
Administration and Outreach	1,248,988	1,341,717	1,015,860	325,857
State Discretionary	15	15	15	--
McKinley High Renovations	1,500,000	1,500,000	--	1,500,000
Christians of Education Rural Development Grant	10,000	10,000	6,466	3,534
Louisiana Job Employment Training	650,219	539,762	253,506	286,256
Community Development Emergency Shelter Grants	208,815	208,815	172,105	36,710
Emergency Shelter Grants	5,366	720	720	--
Flood Mitigation Assistance Program - Acquisition/ Elevation of Structures				
	5,706	5,706	73	5,633
USTfields Pilot Program	11,124	21,124	16,259	4,865
Blight Elimination Grant	15,747	15,747	8,424	7,323
Non-Point Source Pollution in Urban Watershed	516,354	516,354	299,688	216,666
Workforce Investment Act:				
Administration	929,876	1,011,766	471,876	539,890
Adult Program	1,822,823	2,493,823	1,534,081	959,742
Youth Program	2,914,295	2,914,295	1,813,665	1,100,630
Dislocated Workers Program	2,467,683	2,533,693	1,045,734	1,487,959
Strategies to Empower People	86,831	86,831	50,638	36,193
Weatherization Assistance Program	418,738	321,202	187,118	134,084
Community Development - Metro Share Grant	109,060	5,081	5,081	--
Small and Emerging Business Development Program	76,801	81,279	37,047	44,232
Gulf States Emergency Management	35,305	35,305	33,929	1,376
Louisiana Endowment for the Humanities - Public Humanities Program				
	19,460	19,460	2,153	17,307
Non-grant funds:				
Headstart Programs	32,717	32,717	(1,465)	34,182
Childhood Learning Centers Food Program	810	4,501	4,501	--
Rental Rehabilitation Local Funds	453,250	495,876	--	495,876
Head Start - In Kind Services	2,034,761	2,157,470	2,157,470	--
Louisiana Job Employment Training	91,557	91,557	10,715	80,842
Community Development Block Grant:				
Public Improvements, Facilities	96,094	40,715	--	40,715
Demolition and Clearance	396,060	394,060	24,426	369,634
Public Services	2,065,806	1,982,806	790,677	1,192,129
Relocation Assistance	40,000	35,000	--	35,000
Housing Rehabilitation	6,720,591	7,288,220	3,688,968	3,599,252
Economic Development	121,754	121,754	46,519	75,235
Planning	10,000	10,000	--	10,000
Program Administration	3,509,128	3,413,279	1,126,633	2,286,646
Contingencies	365,874	350,107	--	350,107
Community Development Home Program:				
Construction of Housing	56,488	56,488	--	56,488
Direct Home Ownership Assistance	5,048,192	5,048,192	2,131,673	2,916,519
Housing Rehabilitation	1,522,579	1,522,579	--	1,522,579

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**GRANTS SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 19  
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (continued)</b>				
Current (continued):				
Conservation and development (continued):				
Community Development Home Program (continued):				
Program Administration	\$ 1,447,123	\$ 1,896,699	\$ 391,723	\$ 1,504,976
Community Housing Development Organization	2,649,057	2,649,057	617,444	2,031,613
Continuum of Care - Supportive Housing Program:				
Public Services	4,100,120	4,100,120	1,636,685	2,463,435
Program Administration	220,789	220,789	85,979	134,810
Housing Opportunities for Persons with AIDS Program:				
Public Services	1,492,962	1,502,208	1,358,023	144,185
Program Administration	34,110	34,110	34,110	--
Total conservation and development	<u>59,300,414</u>	<u>59,652,925</u>	<u>32,027,449</u>	<u>27,625,476</u>
Capital outlay	<u>7,950,291</u>	<u>7,778,544</u>	<u>2,679,944</u>	<u>5,098,600</u>
Total expenditures	<u>79,832,260</u>	<u>80,024,107</u>	<u>39,676,163</u>	<u>40,347,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,156,692)</u>	<u>(2,189,530)</u>	<u>31,527</u>	<u>2,221,057</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
General Fund	179,759	205,386	205,386	--
Capital Projects Fund	51,154	51,154	51,154	--
Total transfers in	<u>230,913</u>	<u>256,540</u>	<u>256,540</u>	<u>--</u>
Proceeds of capital asset disposition	--	3,612	3,612	--
Total other financing sources	<u>230,913</u>	<u>260,152</u>	<u>260,152</u>	<u>--</u>
Net change in fund balances	<u>(1,925,779)</u>	<u>(1,929,378)</u>	<u>291,679</u>	<u>2,221,057</u>
Fund balances, January 1	<u>1,948,448</u>	<u>1,948,448</u>	<u>1,948,448</u>	<u>--</u>
Fund balances, December 31	<u>\$ 22,669</u>	<u>\$ 19,070</u>	<u>\$ 2,240,127</u>	<u>\$ 2,221,057</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CITY SALES TAX BONDS DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 20

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
General sales and use taxes	\$ 14,993,830	\$ 14,993,830	\$ 14,971,063	\$ (22,767)
Investment earnings	700,000	700,000	717,222	17,222
Total revenues	<u>15,693,830</u>	<u>15,693,830</u>	<u>15,688,285</u>	<u>(5,545)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal:				
Bond principal	<u>9,850,000</u>	<u>9,850,000</u>	<u>9,850,000</u>	<u>--</u>
Interest and fiscal charges:				
Bond interest	5,812,320	5,812,320	5,812,304	16
Paying agent fees	7,000	7,000	1,481	5,519
Total interest and fiscal charges	<u>5,819,320</u>	<u>5,819,320</u>	<u>5,813,785</u>	<u>5,535</u>
Total expenditures	<u>15,669,320</u>	<u>15,669,320</u>	<u>15,663,785</u>	<u>5,535</u>
Excess (deficiency) of revenues over (under) expenditures	24,510	24,510	24,500	(10)
Fund balances, January 1	<u>22,247,063</u>	<u>22,247,063</u>	<u>22,247,063</u>	<u>--</u>
Fund balances, December 31	<u>\$ 22,271,573</u>	<u>\$ 22,271,573</u>	<u>\$ 22,271,563</u>	<u>\$ (10)</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
PARISH SALES TAX BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 21

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
General sales and use taxes	\$ 620,130	\$ 620,130	\$ 619,488	\$ (642)
Investment earnings	<u>22,000</u>	<u>22,000</u>	<u>21,617</u>	<u>(383)</u>
Total revenues	<u>642,130</u>	<u>642,130</u>	<u>641,105</u>	<u>(1,025)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal:				
Bond principal	<u>525,000</u>	<u>525,000</u>	<u>525,000</u>	<u>--</u>
Interest and fiscal charges:				
Bond interest	116,530	116,530	116,522	8
Paying agent fees	<u>1,000</u>	<u>1,000</u>	<u>--</u>	<u>1,000</u>
Total interest and fiscal charges	<u>117,530</u>	<u>117,530</u>	<u>116,522</u>	<u>1,008</u>
Total expenditures	<u>642,530</u>	<u>642,530</u>	<u>641,522</u>	<u>1,008</u>
Excess (deficiency) of revenues over (under) expenditures	(400)	(400)	(417)	(17)
Fund balances, January 1	<u>727,301</u>	<u>727,301</u>	<u>727,301</u>	<u>--</u>
Fund balances, December 31	<u>\$ 726,901</u>	<u>\$ 726,901</u>	<u>\$ 726,884</u>	<u>\$ (17)</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
STATE AND LOCAL GOVERNMENT SECURITIES DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 22

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 144,980	\$ 144,980	\$ 144,982	\$ 2
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out:				
General Fund	(1,014,480)	(1,014,480)	(1,014,482)	(2)
Net change in fund balances	(869,500)	(869,500)	(869,500)	--
Fund balances, January 1	3,341,070	3,341,070	3,341,070	--
Fund balances, December 31	<u>\$ 2,471,570</u>	<u>\$ 2,471,570</u>	<u>\$ 2,471,570</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TAXABLE REFUNDING BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 23

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Debt service:				
Principal:				
Bond principal	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ --
Interest and fiscal charges:				
Bond interest	3,741,280	3,741,280	3,741,265	15
Paying agent fees	2,000	2,000	1,000	1,000
Total interest and fiscal charges	<u>3,743,280</u>	<u>3,743,280</u>	<u>3,742,265</u>	<u>1,015</u>
Total expenditures	5,243,280	5,243,280	5,242,265	1,015
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
General Fund	<u>5,243,280</u>	<u>5,243,280</u>	<u>5,242,265</u>	<u>(1,015)</u>
Net change in fund balances	--	--	--	--
Fund balances, January 1	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances, December 31	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
EXCESS REVENUE AND LIMITED TAX DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT C - 24

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Debt service:				
Principal:				
Bond principal	\$ 327,500	\$ 331,000	\$ 331,000	\$ --
Interest and fiscal charges:				
Bond interest	<u>79,650</u>	<u>46,150</u>	<u>44,508</u>	<u>1,642</u>
Total expenditures	407,150	377,150	375,508	1,642
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
General Fund	<u>407,150</u>	<u>377,150</u>	<u>375,508</u>	<u>(1,642)</u>
Net change in fund balances	--	--	--	--
Fund balances, January 1	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances, December 31	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.



## NONMAJOR ENTERPRISE FUNDS

Enterprise funds account for operations: (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Baton Rouge River Center** accounts for the operation of a cultural and entertainment center composed of an arena, exhibition hall and theater of performing arts. Principal revenues of the fund are rents, commissions and governmental subsidies.

**Greater Baton Rouge Parking Authority** accounts for the operation of an off-street parking facility. Principal revenues of the fund are governmental subsidies and automobile parking fees.

**Solid Waste Disposal Facility Fund** accounts for the provision of solid waste disposal services and operation of the landfill. Principal revenues of the fund are landfill dumping fees.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**DECEMBER 31, 2004**

EXHIBIT D - 1

	Baton Rouge River Center	Greater Baton Rouge Parking Authority	Solid Waste Disposal Facility	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 249,172	\$ 1,106,681	\$ 5,945,905	\$ 7,301,758
Investments	--	--	11,042,395	11,042,395
Accounts receivable - net	352,380	324	1,228,901	1,581,605
Accrued interest receivable	--	3,256	40,017	43,273
Due from other governments (Note 11)	1,403,268	--	2,337	1,405,605
Prepaid items	11,961	--	--	11,961
<b>Total current assets</b>	<u>2,016,781</u>	<u>1,110,261</u>	<u>18,259,555</u>	<u>21,386,597</u>
<b>Noncurrent assets:</b>				
<b>Restricted assets:</b>				
Cash and cash equivalents	646,331	--	--	646,331
Investments	1,305,540	--	--	1,305,540
Accrued interest receivable	7,146	--	--	7,146
<b>Total restricted assets</b>	<u>1,959,017</u>	<u>--</u>	<u>--</u>	<u>1,959,017</u>
<b>Capital assets:</b>				
Land	1,024,914	808,586	9,132,025	10,965,525
Buildings	64,867,416	10,160,544	--	75,027,960
Improvements (other than buildings)	5,493,224	17,375	27,578,841	33,089,440
Equipment	1,201,482	11,696	238,698	1,451,876
Construction work in progress	2,066	949,383	--	951,449
<b>Total capital assets</b>	<u>72,589,102</u>	<u>11,947,584</u>	<u>36,949,564</u>	<u>121,486,250</u>
Accumulated depreciation	<u>(23,574,370)</u>	<u>(9,664,451)</u>	<u>(10,938,765)</u>	<u>(44,177,586)</u>
<b>Net capital assets</b>	<u>49,014,732</u>	<u>2,283,133</u>	<u>26,010,799</u>	<u>77,308,664</u>
<b>Total assets</b>	<u>52,990,530</u>	<u>3,393,394</u>	<u>44,270,354</u>	<u>100,654,278</u>

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**DECEMBER 31, 2004**

EXHIBIT D - 1  
(Continued)

	Baton Rouge River Center	Greater Baton Rouge Parking Authority	Solid Waste Disposal Facility	Total Nonmajor Enterprise Funds
<b>LIABILITIES</b>				
Current liabilities:				
Accounts and contracts payable	\$ 2,217,545	\$ 331,156	\$ 1,017,167	\$ 3,565,868
Accrued salaries payable	26,394	5,452	11,132	42,978
Accrued interest payable	98	--	--	98
Deferred revenue	422,931	--	2,714	425,645
Bonds payable (Note 10)	--	26,000	--	26,000
Compensated absences payable	27,174	21,328	27,548	76,050
Total current liabilities	2,694,142	383,936	1,058,561	4,136,639
Noncurrent liabilities:				
Bonds payable (Note 10)	--	509,243	--	509,243
Landfill closure and postclosure care liability	--	--	12,164,565	12,164,565
Total long-term liabilities	--	509,243	12,164,565	12,673,808
Total liabilities	2,694,142	893,179	13,223,126	16,810,447
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	49,014,732	1,747,890	26,010,799	76,773,421
Restricted for capital projects	38,222	--	--	38,222
Unrestricted	1,243,434	752,325	5,036,429	7,032,188
Total net assets	\$ 50,296,388	\$ 2,500,215	\$ 31,047,228	\$ 83,843,831

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT D - 2

	Baton Rouge River Center	Greater Baton Rouge Parking Authority	Solid Waste Disposal Facility	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,135,735	\$ 674,094	\$ 8,572,999	\$ 10,382,828
Miscellaneous revenues	68,252	582	15,446	84,280
Total operating revenues	1,203,987	674,676	8,588,445	10,467,108
<b>OPERATING EXPENSES</b>				
Personal services	825,881	224,944	473,599	1,524,424
Employee benefits	199,229	86,742	146,837	432,808
Supplies	173,680	8,160	62,451	244,291
Contractual services	939,261	207,400	8,270,085	9,416,746
Landfill closure and postclosure care expense	--	--	1,107,014	1,107,014
Depreciation	1,114,262	405,365	1,143,267	2,662,894
Bad debts	22,878	--	--	22,878
Management fee	208,008	--	--	208,008
Total operating expenses	3,483,199	932,611	11,203,253	15,619,063
Operating income (loss)	(2,279,212)	(257,935)	(2,614,808)	(5,151,955)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Operating grants	76,340	--	--	76,340
Investment earnings	36,770	14,787	222,370	273,927
Interest expense	--	(4,118)	--	(4,118)
Gain (loss) on disposition of capital assets	(1,745)	--	1,900	155
Total nonoperating revenues (expenses)	111,365	10,669	224,270	346,304
Income (loss) before contributions and transfers	(2,167,847)	(247,266)	(2,390,538)	(4,805,651)
Capital contributions	6,689,060	--	--	6,689,060
Transfers in	6,960,630	557,730	3,604,743	11,123,103
Change in net assets	11,481,843	310,464	1,214,205	13,006,512
Total net assets - January 1, restated	38,814,545	2,189,751	29,833,023	70,837,319
Total net assets - December 31	\$ 50,296,388	\$ 2,500,215	\$ 31,047,228	\$ 83,843,831

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT D - 3

	Baton Rouge River Center	Greater Baton Rouge Parking Authority	Solid Waste Disposal Facility	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 1,250,740	\$ 676,910	\$ 8,286,950	\$ 10,214,600
Cash payments to suppliers for goods and services	(1,460,276)	(210,184)	(8,318,907)	(9,989,367)
Cash payments to employees for services and benefits	(1,011,777)	(313,646)	(622,900)	(1,948,323)
Net cash provided by (used for) operating activities	(1,221,313)	153,080	(654,857)	(1,723,090)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating grants received	76,340	--	--	76,340
Transfers in from other funds	1,122,000	557,730	3,600,000	5,279,730
Net cash provided by (used for) noncapital financing activities	1,198,340	557,730	3,600,000	5,356,070
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from sale of debt	--	539,743	--	539,743
Proceeds from sale of capital assets	375	--	1,900	2,275
Acquisition and construction of capital assets	(8,289,165)	(760,528)	(2,363,982)	(11,413,675)
Principal paid on bonds, obligations and capital leases	--	(4,500)	--	(4,500)
Interest paid on bonds, obligations and capital leases	--	(4,118)	--	(4,118)
Capital contributed by other governments	7,839,187	--	--	7,839,187
Net cash provided by (used for) capital and related financing activities	(449,603)	(229,403)	(2,362,082)	(3,041,088)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of investments	(1,305,540)	--	(11,042,395)	(12,347,935)
Proceeds from sales and maturities of investments	1,159,778	--	5,091,214	6,250,992
Interest received on investments	33,950	12,248	202,781	248,979
Net cash provided by (used for) investing activities	(111,812)	12,248	(5,748,400)	(5,847,964)
Net increase (decrease) in cash and cash equivalents	(584,388)	493,655	(5,165,339)	(5,256,072)
Cash and cash equivalents, January 1	1,479,891	613,026	11,111,244	13,204,161
Cash and cash equivalents, December 31	\$ 895,503	\$ 1,106,681	\$ 5,945,905	\$ 7,948,089
Classified as:				
Current assets	\$ 249,172	\$ 1,106,681	\$ 5,945,905	\$ 7,301,758
Restricted assets	646,331	--	--	646,331
Totals	\$ 895,503	\$ 1,106,681	\$ 5,945,905	\$ 7,948,089

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT D - 3  
(Continued)

	Baton Rouge River Center	Greater Baton Rouge Parking Authority	Solid Waste Disposal Facility	Total Nonmajor Enterprise Funds
<b>Reconciliation of operating income to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ (2,279,212)	\$ (257,935)	\$ (2,614,808)	\$ (5,151,955)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	1,114,262	405,365	1,143,267	2,662,894
Landfill closure and postclosure care expense	--	--	1,107,014	1,107,014
Increase (decrease) in compensated absences payable	(13,061)	3,364	9,025	(672)
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	129,508	2,404	(302,866)	(170,954)
Decrease (increase) in prepaid items	(19,979)	--	--	(19,979)
Increase (decrease) in accounts and contracts payable	(96,470)	5,206	13,629	(77,635)
Increase (decrease) in accrued salaries payable	26,394	(5,324)	(11,489)	9,581
Increase (decrease) in deferred revenue	(82,755)	--	1,371	(81,384)
Total adjustments	1,057,899	411,015	1,959,951	3,428,865
Net cash provided by (used for) operating activities	\$ (1,221,313)	\$ 153,080	\$ (654,857)	\$ (1,723,090)
Non cash investing, capital, and financing activities:				
Gain in fair value of investments	\$ 7,146	\$ 3,256	\$ 40,017	\$ 50,419
Capital assets contributed from other funds	5,838,630	--	4,743	5,843,373
Loss on disposal of capital assets	(2,120)	--	--	(2,120)

The accompanying notes are an integral part of this statement.

## INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or 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.

**Fleet Rental and Replacement Fund** rents motorized equipment to Public Works divisions and provides for their scheduled replacement at the end of the economic life of the asset.

**Central Garage Fund** maintains motorized and heavy equipment and provides motor fuels for all departments.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 DECEMBER 31, 2004**

EXHIBIT E - 1

	<u>Fleet Rental and Replace- ment Fund</u>	<u>Central Garage</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,334,078	\$ 2,533,407	\$ 7,867,485
Accrued interest receivable	12,725	5,663	18,388
Inventory	--	198,909	198,909
Total current assets	<u>5,346,803</u>	<u>2,737,979</u>	<u>8,084,782</u>
Capital assets:			
Land	--	47,568	47,568
Buildings	--	2,213,798	2,213,798
Improvements (other than buildings)	--	7,190	7,190
Equipment	21,002,699	183,798	21,186,497
Total capital assets	<u>21,002,699</u>	<u>2,452,354</u>	<u>23,455,053</u>
Accumulated depreciation	<u>(15,837,065)</u>	<u>(1,624,595)</u>	<u>(17,461,660)</u>
Net capital assets	<u>5,165,634</u>	<u>827,759</u>	<u>5,993,393</u>
Total assets	<u>10,512,437</u>	<u>3,565,738</u>	<u>14,078,175</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and contracts payable	110,875	287,437	398,312
Accrued salaries payable	--	41,923	41,923
Compensated absences payable	--	164,423	164,423
Total liabilities	<u>110,875</u>	<u>493,783</u>	<u>604,658</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	5,165,634	827,759	5,993,393
Unrestricted	<u>5,235,928</u>	<u>2,244,196</u>	<u>7,480,124</u>
Total net assets	<u>\$ 10,401,562</u>	<u>\$ 3,071,955</u>	<u>\$ 13,473,517</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT E - 2

	<u>Fleet Rental and Replace- ment Fund</u>	<u>Central Garage</u>	<u>Total</u>
Operating revenues:			
Charges for services:			
Billings to departments	\$ 4,547,037	\$ 8,480,973	\$ 13,028,010
Operating expenses:			
Personal services	--	1,325,136	1,325,136
Employee benefits	--	502,480	502,480
Supplies	49,313	150,568	199,881
Contractual services	2,224,110	784,830	3,008,940
Cost of materials	--	5,596,631	5,596,631
Depreciation	2,793,110	76,867	2,869,977
Total operating expenses	<u>5,066,533</u>	<u>8,436,512</u>	<u>13,503,045</u>
Operating income (loss)	<u>(519,496)</u>	<u>44,461</u>	<u>(475,035)</u>
Non-operating revenues (expenses):			
Investment earnings	71,141	29,878	101,019
Gain (loss) on disposition of capital assets	427,005	2,529	429,534
Total non-operating revenues (expenses)	<u>498,146</u>	<u>32,407</u>	<u>530,553</u>
Change in net assets	<u>(21,350)</u>	<u>76,868</u>	<u>55,518</u>
Total net assets - January 1, restated	<u>10,422,912</u>	<u>2,995,087</u>	<u>13,417,999</u>
Total net assets - December 31	<u>\$ 10,401,562</u>	<u>\$ 3,071,955</u>	<u>\$ 13,473,517</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT E - 3

	<u>Fleet Rental and Replace- ment Fund</u>	<u>Central Garage</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>			
Cash received from customers	\$ 4,547,037	\$ 8,480,973	\$ 13,028,010
Cash payments to suppliers for goods and services	(2,323,177)	(6,564,177)	(8,887,354)
Cash payments to employees for services and benefits	--	(1,867,420)	(1,867,420)
Net cash provided by (used for) operating activities	<u>2,223,860</u>	<u>49,376</u>	<u>2,273,236</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Proceeds from sale of capital assets	429,735	2,529	432,264
Acquisition and construction of capital assets	(2,955,968)	(9,266)	(2,965,234)
Net cash provided by (used for) capital and related financing activities	<u>(2,526,233)</u>	<u>(6,737)</u>	<u>(2,532,970)</u>
<b>Cash Flows From Investing Activities:</b>			
Interest received on investments	<u>65,130</u>	<u>26,938</u>	<u>92,068</u>
Net increase (decrease) in cash and cash equivalents	(237,243)	69,577	(167,666)
Cash and cash equivalents, January 1	<u>5,571,321</u>	<u>2,463,830</u>	<u>8,035,151</u>
Cash and cash equivalents, December 31	<u>\$ 5,334,078</u>	<u>\$ 2,533,407</u>	<u>\$ 7,867,485</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating income (loss)	\$ (519,496)	\$ 44,461	\$ (475,035)
Adjustments to reconcile operating income (loss) to Net cash provided by (used for) operating activities:			
Depreciation	2,793,110	76,867	2,869,977
Decrease (increase) in accounts receivable	--	2,149	2,149
Increase (decrease) in compensated absences payable	--	(11,709)	(11,709)
Change in assets and liabilities:			
Decrease (increase) in inventory	--	(7,653)	(7,653)
Increase (decrease) in accounts and contracts payable	(49,754)	(26,644)	(76,398)
Increase (decrease) in accrued salaries payable	--	(28,095)	(28,095)
Total adjustments	<u>2,743,356</u>	<u>4,915</u>	<u>2,748,271</u>
Net cash provided by (used for) operating activities	<u>\$ 2,223,860</u>	<u>\$ 49,376</u>	<u>\$ 2,273,236</u>
<b>Non Cash Investing, Capital, and Financing Activities:</b>			
Gain in fair value of investments	\$ 12,725	\$ 5,663	\$ 18,388
Loss on disposal of capital assets	(2,730)	--	(2,730)

The accompanying notes are an integral part of this statement.

## **FIDUCIARY FUNDS**

### **Pension Trust Funds**

**City-Parish Employees Retirement System (CPERS) Regular Pension Trust Fund**

accounts for a cost-sharing multiple-employer defined benefit pension system established for employees of the City-Parish government, some of the government's discretely presented component agencies and related organizations.

**CPERS Police Guarantee Trust Fund** accounts for a single-employer special trust set up by CPERS to administer certain benefits to police employees who transferred to the State Municipal Police Employees Retirement System (MPERS) in 2000. This fund covers benefits that were included in the CPERS system that are not covered by the MPERS system.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2004**

EXHIBIT F - 1

	<u>CPERS Regular Retirement System</u>	<u>CPERS Police Guaranty Trust</u>	<u>Total Pension Trust Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,695,426	\$ 971,737	\$ 12,667,163
Receivables:			
Employee contributions	1,557,421	6,695	1,564,116
Employer contributions	723,184	996	724,180
Interest and dividends	1,371,551	279	1,371,830
Pending trades	9,911,066	687	9,911,753
Other contributions	491,898	62,486	554,384
Total receivables	<u>14,055,120</u>	<u>71,143</u>	<u>14,126,263</u>
Investments, at fair value			
U.S. government obligations	62,956,028	--	62,956,028
Bonds - domestic	79,358,235	--	79,358,235
Bonds - enhanced index fund	134,831,327	8,193,534	143,024,861
Equity securities - domestic	430,833,862	13,540,052	444,373,914
Equity securities - international	165,044,715	5,289,471	170,334,186
Total investments	<u>873,024,167</u>	<u>27,023,057</u>	<u>900,047,224</u>
Capital assets:			
Land	550,628	--	550,628
Buildings	697,496	--	697,496
Equipment	153,359	--	153,359
Accumulated depreciation	(671,725)	--	(671,725)
Total capital assets	<u>729,758</u>	<u>--</u>	<u>729,758</u>
Total assets	<u>899,504,471</u>	<u>28,065,937</u>	<u>927,570,408</u>
<b>LIABILITIES</b>			
Accrued expenses and benefits payable	1,148,525	317,544	1,466,069
Pending trades payable	20,207,777	--	20,207,777
Total liabilities	<u>21,356,302</u>	<u>317,544</u>	<u>21,673,846</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$ 878,148,169</u>	<u>\$ 27,748,393</u>	<u>\$ 905,896,562</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT F - 2

	<u>CPERS Regular Retirement System</u>	<u>CPERS Police Guaranty Trust</u>	<u>Total Pension Trust Funds</u>
<b>ADDITIONS</b>			
Contributions:			
Employee	\$ 10,274,154	\$ 55,315	\$ 10,329,469
Employer	17,739,809	83,317	17,823,126
Severance contributions from employee	874,255	--	874,255
Total contributions	<u>28,888,218</u>	<u>138,632</u>	<u>29,026,850</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	84,474,036	3,161,254	87,635,290
Interest	5,999,180	5,226	6,004,406
Dividends	2,191,373	--	2,191,373
Total investment income	<u>92,664,589</u>	<u>3,166,480</u>	<u>95,831,069</u>
Less: investment expense	<u>1,848,455</u>	<u>68,980</u>	<u>1,917,435</u>
Net investment income	<u>90,816,134</u>	<u>3,097,500</u>	<u>93,913,634</u>
Total additions	<u>119,704,352</u>	<u>3,236,132</u>	<u>122,940,484</u>
<b>DEDUCTIONS</b>			
Benefit payments	53,426,342	1,134,928	54,561,270
Refunds and withdrawals	1,432,612	1,097	1,433,709
Administrative expenses	836,043	200,810	1,036,853
Total deductions	<u>55,694,997</u>	<u>1,336,835</u>	<u>57,031,832</u>
Change in net assets	64,009,355	1,899,297	65,908,652
Net assets - beginning of year	<u>814,138,814</u>	<u>25,849,096</u>	<u>839,987,910</u>
Net assets - end of year	<u>\$ 878,148,169</u>	<u>\$ 27,748,393</u>	<u>\$ 905,896,562</u>

The accompanying notes are an integral part of this statement.



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**CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

(Excludes Internal Service Funds)

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULES BY SOURCE (1)**  
**DECEMBER 31, 2004 AND 2003**

EXHIBIT G - 1

	2004	2003
Governmental funds capital assets:		
Land	\$ 80,332,187	\$ 76,996,483
Buildings	191,366,143	181,956,506
Improvements (other than buildings) and infrastructure	378,391,096	358,782,116
Equipment	50,518,562	49,167,290
Equipment under capital leases	158,613	177,083
Construction work in progress	50,356,534	37,243,486
	<u>\$ 751,123,135</u>	<u>\$ 704,322,964</u>
Investments in governmental funds capital assets by source:		
Investment in property acquired prior to 1960	\$ 3,601,707	\$ 3,601,707
Investment in property acquired after 1960:		
General Obligation Bonds	55,683,037	55,683,037
Excess Revenue Certificates of Indebtedness	47,777,561	47,809,383
Revenue Bonds	13,197,769	13,197,769
Limited Tax Certificates of Indebtedness	6,150,000	6,150,000
Special Assessment Certificates of Indebtedness	17,217,911	17,217,911
Federal and State grants	70,532,710	70,466,241
Property taxes	16,386,026	16,386,026
Library Board of Control Special Revenue Fund	36,829,117	29,550,023
Dedicated sales tax	86,007,907	68,599,933
General Fund revenues	137,717,055	124,835,038
Special Revenue Funds revenues	147,218,366	143,944,527
Gifts	1,847,950	932,950
Donated infrastructure	71,045,211	66,116,492
Other sources	39,842,260	39,763,379
Eminent domain	68,548	68,548
	<u>\$ 751,123,135</u>	<u>\$ 704,322,964</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY (1)**  
**DECEMBER 31, 2004**

EXHIBIT G - 2

	Land	Buildings	Improvements (Other Than Buildings) and Infrastructure	Equipment	Totals	
					December 31, 2004	December 31, 2003
<b>Function and Activity</b>						
<b>General government:</b>						
Legislative	\$ --	\$ --	\$ --	\$ 334,021	\$ 334,021	\$ 396,433
Executive	--	167,938	2,207	259,842	429,987	429,987
Judicial	1,680	17,570,051	2,704	1,190,730	18,765,165	18,766,073
Elections	--	--	--	88,076	88,076	88,076
Finance	--	--	--	641,664	641,664	615,811
Personnel	--	739,000	--	42,373	781,373	787,388
Law	115,670	108,858	--	521,009	745,537	721,849
Administration office and boards	511,406	1,240,517	174,982	3,514,861	5,441,766	5,068,497
General government buildings	8,689,763	30,077,785	26,435	--	38,793,983	37,916,417
Total general government	<u>9,318,519</u>	<u>49,904,149</u>	<u>206,328</u>	<u>6,592,576</u>	<u>66,021,572</u>	<u>64,790,531</u>
<b>Public safety:</b>						
Police	809,549	4,722,566	347,167	19,039,793	24,919,075	24,373,879
Fire	1,037,835	9,033,816	243,805	10,241,003	20,556,459	20,348,846
Emergency Medical Services	75,307	2,086,222	43,144	3,069,266	5,273,939	5,437,370
Correctional institution	--	32,944,450	738,903	616,199	34,299,552	34,257,990
Other	625,149	16,081,627	998,278	3,689,905	21,394,959	20,867,933
Total public safety	<u>2,547,840</u>	<u>64,868,681</u>	<u>2,371,297</u>	<u>36,656,166</u>	<u>106,443,984</u>	<u>105,286,018</u>
Transportation	62,129,278	9,933,347	363,653,082	118,028	435,833,735	414,260,361
Sanitation	--	--	--	87,421	87,421	100,691
Health and welfare	2,400	5,318,201	32,680	1,795,783	7,149,064	6,686,918
Culture and recreation	4,100,707	48,347,823	4,255,076	3,443,804	60,147,410	52,785,302
Conservation and development	1,988,007	12,993,942	4,986,870	1,824,784	21,793,603	19,861,375
Miscellaneous	245,436	--	2,885,763	--	3,131,199	3,131,199
Total governmental funds capital assets allocated to functions	<u>\$ 80,332,187</u>	<u>\$ 191,366,143</u>	<u>\$ 378,391,096</u>	<u>\$ 50,518,562</u>	<u>\$ 700,607,988</u>	<u>\$ 666,902,395</u>
Equipment under capital leases					158,613	177,083
Construction work in progress					50,356,534	37,243,486
Total governmental funds capital assets					<u>\$ 751,123,135</u>	<u>\$ 704,322,964</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (1)  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT G - 3

<u>Function and Activity</u>	Governmental Funds Capital Assets January 1, 2004	Additions	Deletions	Adjustments	Governmental Funds Capital Assets December 31, 2004
<b>General government:</b>					
Legislative	\$ 396,433	\$ 20,598	\$ 83,010	\$ --	\$ 334,021
Executive	429,987	--	--	--	429,987
Judicial	18,766,073	18,528	19,436	--	18,765,165
Elections	88,076	--	--	--	88,076
Finance	615,811	59,203	33,350	--	641,664
Personnel	787,388	--	6,015	--	781,373
Law	721,849	11,068	32,392	(45,012)	745,537
Administration office and boards	5,068,497	396,879	23,610	--	5,441,766
General government buildings	37,916,417	835,491	--	(42,075)	38,793,983
Total general government	<u>64,790,531</u>	<u>1,341,767</u>	<u>197,813</u>	<u>(87,087)</u>	<u>66,021,572</u>
<b>Public safety:</b>					
Police	24,373,879	3,014,279	2,470,258	(1,175)	24,919,075
Fire	20,348,846	714,527	506,914	--	20,556,459
Emergency Medical Services	5,437,370	282,384	445,815	--	5,273,939
Correctional institution	34,257,990	84,495	42,933	--	34,299,552
Other	20,867,933	573,346	46,320	--	21,394,959
Total public safety	<u>105,286,018</u>	<u>4,669,031</u>	<u>3,512,240</u>	<u>(1,175)</u>	<u>106,443,984</u>
Transportation	414,260,361	10,562,742	--	(11,010,632)	435,833,735
Sanitation	100,691	--	13,270	--	87,421
Health and welfare	6,686,918	588,927	127,801	(1,020)	7,149,064
Culture and recreation	52,785,302	5,386,891	156,296	(2,131,513)	60,147,410
Conservation and development	19,861,375	1,417,847	27,570	(541,951)	21,793,603
Miscellaneous	3,131,199	--	--	--	3,131,199
Equipment under capital leases	177,083	26,542	--	45,012	158,613
Construction work in progress	37,243,486	20,997,695	--	7,884,647	50,356,534
Total governmental funds capital assets	<u>\$ 704,322,964</u>	<u>\$ 44,991,442</u>	<u>\$ 4,034,990</u>	<u>\$ (5,843,719)</u>	<u>\$ 751,123,135</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

The accompanying notes are an integral part of this statement.

## SELECTED NONMAJOR COMPONENT UNITS

### Fire Protection Districts Included in Primary Government Audit

**Brownsfield Fire Protection District** is located in the northwestern part of East Baton Rouge Parish. Services are financed by a property tax in the district, a fire service fee, and state insurance company taxes.

**Chaneyville Fire Protection District** is located in the northern part of East Baton Rouge Parish. Services are financed by a fire service fee and state insurance company taxes.

**Pride Fire Protection District** is located in the northeastern part of East Baton Rouge Parish. Services are financed through a fire service fee and state insurance company taxes.

**Alsen-St. Irma Lee Fire Protection District** is located in the western part of East Baton Rouge Parish. Services are financed by a property tax in the district, a fire service fee, and state insurance company taxes.

**BROWNSFIELD FIRE PROTECTION DISTRICT  
 CHANEYVILLE FIRE PROTECTION DISTRICT  
 PRIDE FIRE PROTECTION DISTRICT  
 ALSEN-ST. IRMA LEE FIRE PROTECTION DISTRICT  
 BALANCE SHEET  
 DECEMBER 31, 2004**

EXHIBIT H - 1

	Brownsfield Fire Protection District	Chaneyville Fire Protection District	Pride Fire Protection District	Alsen- St. Irma Lee Fire Protection District
<b>ASSETS</b>				
Cash and cash equivalents	\$ --	\$ --	\$ 64,235	\$ 29,918
Property taxes receivable - net	60,949	--	--	69,528
Accrued interest receivable	--	--	236	120
Due from other governments	253,295	38,313	24,662	140,044
<b>Total assets</b>	<b>\$ 314,244</b>	<b>\$ 38,313</b>	<b>\$ 89,133</b>	<b>\$ 239,610</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts and contracts payable	\$ 12,196	\$ 3,023	\$ 889	\$ 4,494
Due to primary government	173,750	5,273	--	--
Deferred revenue	21,568	22,942	--	34,588
<b>Total liabilities</b>	<b>207,514</b>	<b>31,238</b>	<b>889</b>	<b>39,082</b>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Subsequent year expenditures	--	--	12,140	--
Continuing projects	61,830	7,075	--	30,391
<b>Unreserved:</b>				
Undesignated	44,900	--	76,104	170,137
<b>Total fund balances</b>	<b>106,730</b>	<b>7,075</b>	<b>88,244</b>	<b>200,528</b>
<b>Total liabilities and fund balances</b>	<b>\$ 314,244</b>	<b>\$ 38,313</b>	<b>\$ 89,133</b>	<b>\$ 239,610</b>

The accompanying notes are an integral part of this statement.

**BROWNSFIELD FIRE PROTECTION DISTRICT  
 CHANEYVILLE FIRE PROTECTION DISTRICT  
 PRIDE FIRE PROTECTION DISTRICT  
 ALSEN-ST. IRMA LEE FIRE PROTECTION DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 DECEMBER 31, 2004**

EXHIBIT H - 2

	Brownsfield Fire Protection District	Chaneyville Fire Protection District	Pride Fire Protection District	Alsen- St. Irma Lee Fire Protection District
Fund balances - total governmental funds	\$ 106,730	\$ 7,075	\$ 88,244	\$ 200,528
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds				
Governmental capital assets	423,308	331,318	366,299	732,983
Less accumulated depreciation	(303,523)	(310,602)	(187,470)	(439,803)
Some revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current-period expenditures.				
	56,686	--	--	4,197
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.				
Compensated absences payable	(1,621)	--	--	--
Obligation under capital leases	--	--	--	(61,856)
Net assets of governmental activities	<u>\$ 281,580</u>	<u>\$ 27,791</u>	<u>\$ 267,073</u>	<u>\$ 436,049</u>

**BROWNSFIELD FIRE PROTECTION DISTRICT  
 CHANEYVILLE FIRE PROTECTION DISTRICT  
 PRIDE FIRE PROTECTION DISTRICT  
 ALSEN-ST. IRMA LEE FIRE PROTECTION DISTRICT  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT H - 3

	Brownsfield Fire Protection District	Chaneyville Fire Protection District	Pride Fire Protection District	Alsen- St. Irma Lee Fire Protection District
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 324,882	\$ --	\$ --	\$ 235,717
Intergovernmental revenues:				
Federal Emergency Management Agency	--	16,926	(48)	50
Louisiana Office of the Governor	--	17,438	11,573	18,092
Louisiana Department of Treasury	--	2,019	--	4,493
Insurance company taxes	19,308	10,421	10,444	5,487
Louisiana revenue sharing	58,302	--	--	--
On-behalf payments for salaries and benefits	10,800	--	--	--
City of Baton Rouge	17,050	23,393	12,283	25,750
Charges for services:				
Fire protection service charges	106,167	28,407	30,938	11,525
Investment earnings	--	--	1,285	970
Miscellaneous revenues:				
Other income	1,962	4,338	4,346	1,442
Total revenues	<u>538,471</u>	<u>102,942</u>	<u>70,821</u>	<u>303,526</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Operations:				
Personal services	300,135	30,195	17,136	123,679
Employee benefits	83,200	5,131	5,746	14,863
Supplies	27,098	43,355	7,510	23,225
Contractual services	87,676	37,112	31,216	47,290
Debt service:				
Principal	6,722	--	--	44,265
Interest	107	--	--	3,887
Capital outlay	20,848	--	35,800	7,800
Total expenditures	<u>525,786</u>	<u>115,793</u>	<u>97,408</u>	<u>265,009</u>
Excess (deficiency) of revenues over (under) expenditures	12,685	(12,851)	(26,587)	38,517
<b>OTHER FINANCING SOURCES</b>				
Proceeds of capital asset disposition	1,600	3,455	215	8
Net change in fund balances	14,285	(9,396)	(26,372)	38,525
Fund balances, January 1	<u>92,445</u>	<u>16,471</u>	<u>114,616</u>	<u>162,003</u>
Fund balances, December 31	<u>\$ 106,730</u>	<u>\$ 7,075</u>	<u>\$ 88,244</u>	<u>\$ 200,528</u>

The accompanying notes are an integral part of this statement.

**BROWNSFIELD FIRE PROTECTION DISTRICT  
 CHANEYVILLE FIRE PROTECTION DISTRICT  
 PRIDE FIRE PROTECTION DISTRICT  
 ALSEN-ST. IRMA LEE FIRE PROTECTION DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT H - 4

	Brownsfield Fire Protection District	Chaneyville Fire Protection District	Pride Fire Protection District	Alsen- St. Irma Lee Fire Protection District
Net change in fund balances - total governmental funds	\$ 14,285	\$ (9,396)	\$ (26,372)	\$ 38,525
Amounts reported for governmental activities in the statement of activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.				
Capital outlay	20,848	--	35,800	7,800
Depreciation expense	(57,613)	(41,252)	(28,684)	(103,726)
Because some revenues will not be collected for several months after year-end, they are not considered "available" revenues in the governmental funds.				
Property tax revenues	3,638	--	--	4,197
Louisiana revenue sharing	269	--	--	--
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.				
	6,722	--	--	44,265
Some expenses reported in the statement of activities, such as compensated absences payable, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.				
	(1,621)	--	--	--
Change in net assets of governmental activities	<u>\$ (13,472)</u>	<u>\$ (50,648)</u>	<u>\$ (19,256)</u>	<u>\$ (8,939)</u>

**BROWNSFIELD FIRE PROTECTION DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES -- BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT H - 5

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 303,030	\$ 303,030	\$ 324,882	\$ 21,852
Intergovernmental revenues:				
Federal Emergency Management Agency	--	55,647	--	(55,647)
Insurance company taxes	21,710	21,710	19,308	(2,402)
Louisiana revenue sharing	56,490	56,490	58,302	1,812
On-behalf payments for salaries and benefits	9,300	10,800	10,800	--
City of Baton Rouge	17,050	17,050	17,050	--
Total intergovernmental revenues	<u>104,550</u>	<u>161,697</u>	<u>105,460</u>	<u>(56,237)</u>
Charges for services:				
Fire protection service charges	<u>100,000</u>	<u>100,000</u>	<u>106,167</u>	<u>6,167</u>
Miscellaneous revenues:				
Other income	<u>--</u>	<u>1,914</u>	<u>1,962</u>	<u>48</u>
Total revenues	<u>507,580</u>	<u>566,641</u>	<u>538,471</u>	<u>(28,170)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Operations:				
Personal services	267,940	296,540	300,135	(3,595)
Employee benefits	74,920	76,620	83,200	(6,580)
Supplies	23,250	26,450	27,098	(648)
Contractual services	95,981	95,998	87,676	8,322
Assistance to Firefighters Grant	<u>--</u>	<u>61,830</u>	<u>--</u>	<u>61,830</u>
Total public safety	<u>462,091</u>	<u>557,438</u>	<u>498,109</u>	<u>59,329</u>
Debt service:				
Principal	6,722	6,722	6,722	--
Interest	107	107	107	--
Total debt service	<u>6,829</u>	<u>6,829</u>	<u>6,829</u>	<u>--</u>
Capital Outlay	<u>20,850</u>	<u>20,850</u>	<u>20,848</u>	<u>2</u>
Total expenditures	<u>489,770</u>	<u>585,117</u>	<u>525,786</u>	<u>59,331</u>
Excess (deficiency) of revenues over (under) expenditures	17,810	(18,476)	12,685	31,161
<b>OTHER FINANCING SOURCES</b>				
Proceeds of capital asset disposition	<u>--</u>	<u>1,800</u>	<u>1,600</u>	<u>(200)</u>
Net change in fund balances	17,810	(16,676)	14,285	30,961
Fund Balances, January 1	<u>92,445</u>	<u>92,445</u>	<u>92,445</u>	<u>--</u>
Fund Balances, December 31	<u>\$ 110,255</u>	<u>\$ 75,769</u>	<u>\$ 106,730</u>	<u>\$ 30,961</u>

The accompanying notes are an integral part of this statement.

**CHANEYVILLE FIRE PROTECTION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES -- BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT H - 6

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues:				
Federal Emergency Management Agency	\$ 16,926	\$ 16,926	\$ 16,926	\$ --
Louisiana Office of the Governor	20,413	20,413	17,438	(2,975)
Louisiana Department of Treasury	--	24,961	2,019	(22,942)
Insurance company taxes	8,700	10,400	10,421	21
City of Baton Rouge	22,230	23,393	23,393	--
Total intergovernmental revenues	<u>68,269</u>	<u>96,093</u>	<u>70,197</u>	<u>(25,896)</u>
Charges for services:				
Fire protection service charges	27,000	27,000	28,407	1,407
Miscellaneous revenues:				
Other income	--	2,400	4,338	1,938
Total revenues	<u>95,269</u>	<u>125,493</u>	<u>102,942</u>	<u>(22,551)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Operations:				
Personal services	25,100	30,195	30,195	--
Employee benefits	4,880	5,131	5,131	--
Supplies	6,700	10,017	12,933	(2,916)
Contractual services	29,570	29,570	31,151	(1,581)
Assistance to Firefighters Grant	16,926	16,926	16,926	--
Rural Development Grant	20,413	20,413	17,438	2,975
LA State appropriations assistance	--	24,961	2,019	22,942
Total expenditures	<u>103,589</u>	<u>137,213</u>	<u>115,793</u>	<u>21,420</u>
Excess (deficiency) of revenues over (under) expenditures	(8,320)	(11,720)	(12,851)	(1,131)
<b>OTHER FINANCING SOURCES</b>				
Proceeds of capital asset disposition	--	3,400	3,455	55
Net change in fund balances	(8,320)	(8,320)	(9,396)	(1,076)
Fund Balances, January 1	<u>16,471</u>	<u>16,471</u>	<u>16,471</u>	<u>--</u>
Fund Balances, December 31	<u>\$ 8,151</u>	<u>\$ 8,151</u>	<u>\$ 7,075</u>	<u>\$ (1,076)</u>

The accompanying notes are an integral part of this statement.

**PRIDE FIRE PROTECTION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES -- BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT H - 7

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues:				
Federal Emergency Management Agency	\$ (48)	\$ (48)	\$ (48)	\$ --
Louisiana Office of the Governor	11,661	11,573	11,573	--
Insurance company taxes	9,650	9,650	10,444	794
City of Baton Rouge	11,120	12,283	12,283	--
Total intergovernmental revenues	<u>32,383</u>	<u>33,458</u>	<u>34,252</u>	<u>794</u>
Charges for services:				
Fire protection service charges	29,340	29,340	30,938	1,598
Investment earnings				
	2,010	2,010	1,285	(725)
Miscellaneous revenues:				
Other income	--	--	4,346	4,346
Total revenues	<u>63,733</u>	<u>64,808</u>	<u>70,821</u>	<u>6,013</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Operations:				
Personal services	17,480	17,480	17,136	344
Employee benefits	4,710	4,710	5,746	(1,036)
Supplies	5,350	6,513	3,785	2,728
Contractual services	33,070	33,070	31,216	1,854
Assistance to Firefighters Grant	(48)	(48)	(48)	--
Rural Development Grant	11,661	3,773	3,773	--
Total public safety	<u>72,223</u>	<u>65,498</u>	<u>61,608</u>	<u>3,890</u>
Capital outlay	--	42,800	35,800	7,000
Total expenditures	<u>72,223</u>	<u>108,298</u>	<u>97,408</u>	<u>10,890</u>
Excess (deficiency) of revenues over (under) expenditures	(8,490)	(43,490)	(26,587)	16,903
<b>OTHER FINANCING SOURCES</b>				
Proceeds of capital asset disposition	--	--	215	215
Net change in fund balances	(8,490)	(43,490)	(26,372)	17,118
Fund Balances, January 1	<u>114,616</u>	<u>114,616</u>	<u>114,616</u>	<u>--</u>
Fund Balances, December 31	<u>\$ 106,126</u>	<u>\$ 71,126</u>	<u>\$ 88,244</u>	<u>\$ 17,118</u>

The accompanying notes are an integral part of this statement.

**ALSEN-ST. IRMA LEE FIRE PROTECTION DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES -- BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2004**

EXHIBIT H - 8

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 205,210	\$ 205,210	\$ 235,717	\$ 30,507
Intergovernmental revenues:				
Federal Emergency Management Agency	50	50	50	--
Louisiana Office of the Governor	18,092	18,092	18,092	--
Louisiana Department of Treasury	--	34,884	4,493	(30,391)
Insurance company taxes	4,200	4,200	5,487	1,287
City of Baton Rouge	25,750	25,750	25,750	--
Total intergovernmental revenues	48,092	82,976	53,872	(29,104)
Charges for services:				
Fire protection service charges	11,700	11,700	11,525	(175)
Investment earnings				
	300	300	970	670
Miscellaneous revenues:				
Other income	--	--	1,442	1,442
Total revenues	265,302	300,186	303,526	3,340
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Operations:				
Personal services	141,470	141,470	123,679	17,791
Employee benefits	28,120	28,120	14,863	13,257
Supplies	12,700	11,455	7,140	4,315
Contractual services	50,518	50,518	47,290	3,228
Assistance to Firefighters Grant	55	55	55	--
Rural Development Grant	11,537	11,537	11,537	--
LA State appropriations assistance	--	34,884	4,493	30,391
Total public safety	244,400	278,039	209,057	68,982
Debt service:				
Principal	44,265	44,265	44,265	--
Interest	3,887	3,887	3,887	--
Total debt service	48,152	48,152	48,152	--
Capital Outlay				
	6,555	7,800	7,800	--
Total expenditures	299,107	333,991	265,009	68,982
Excess (deficiency) of revenues over (under) expenditures	(33,805)	(33,805)	38,517	72,322
<b>OTHER FINANCING SOURCES</b>				
Proceeds of capital asset disposition	--	--	8	8
Net change in fund balances	(33,805)	(33,805)	38,525	72,330
Fund Balances, January 1	162,003	162,003	162,003	--
Fund Balances, December 31	\$ 128,198	\$ 128,198	\$ 200,528	\$ 72,330

The accompanying notes are an integral part of this statement.



**SCHEDULES**

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
COMBINED SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS  
DECEMBER 31, 2004**

EXHIBIT I - 1

<u>Description</u>	<u>Interest Rate (%)</u>	<u>Carrying Amount</u>
<b><u>PRIMARY GOVERNMENT</u></b>		
<b><u>Consolidated Cash Account</u></b>		
Louisiana Asset Management Pool	0.91-2.03	\$ 158,000,000
Certificates of Deposit - Hibernia National Bank	2.06-2.45	110,000,000
Certificates of Deposit - Hancock Bank	1.82-2.56	40,000,000
Certificates of Deposit - Hancock Bank	1.87-2.51	30,000,000
U. S. Agency Bills	1.39-2.64	79,159,874
State and Local Government Series Securities	4.20-4.69	2,471,500
Cash in Bank - Whitney National Bank		1,249,336
Total Cash and Investments - Consolidated Cash Account		420,880,710
<b><u>Other Cash Items</u></b>		
Petty Cash		13,386
Cash on Hand		876,238
Total Other Cash Items		889,624
<b><u>Baton Rouge River Center</u></b>		
Whitney National Bank:		
Cash in Bank		192,520
<b><u>East Baton Rouge Sewerage Commission</u></b>		
Repurchase Agreements	3.89-4.88	21,029,808
Whitney National Bank:		
Cash in Bank		1,966,286
Certificates of Deposit - Hibernia National Bank	1.70-2.03	8,191,481
Certificates of Deposit - Hancock Bank	2.15	1,663,521
Certificates of Deposit - Bank One	1.86	1,623,254
Total East Baton Rouge Sewerage Commission		34,474,350
<b><u>1993 Public Improvement Sales Tax Revenue Bonds</u></b>		
Whitney National Bank:		
Cash in Bank		19,198
Certificates of Deposit - Hibernia National Bank	1.70-2.03	73,424
Certificates of Deposit - Hancock National Bank	2.15	24,486
Repurchase Agreements	3.89	303,930
Total 1993 Public Improvement Sales Tax Revenue Bonds		421,038
<b><u>1997 Public Improvement Sales Tax Revenue Bonds (Airport/Solid Waste)</u></b>		
Whitney National Bank:		
Cash in Bank		173,198
Certificates of Deposit - Hibernia National Bank	1.70-2.03	427,162
Certificates of Deposit - Hancock Bank	2.15	213,680
Certificates of Deposit - Bank One	1.86	213,581
Repurchase Agreements	3.89	2,297,000
Total 1997 Public Improvement Sales Tax Revenue Bonds (Airport/Solid Waste)		3,324,621
<b><u>1998A Public Improvement Sales Tax Revenue Bonds</u></b>		
Whitney National Bank:		
Cash in Bank		738,423
Certificates of Deposit - Hibernia National Bank	1.70-2.03	1,877,468
Certificates of Deposit - Hancock Bank	2.15	939,163
Certificates of Deposit - Bank One	1.86	938,735
Repurchase Agreements	3.89	11,520,553
Total 1998A Public Improvement Sales Tax Revenue Bonds		16,014,342

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
COMBINED SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS  
DECEMBER 31, 2004**

EXHIBIT I - 1  
(Continued)

<u>Description</u>	<u>Interest Rate (%)</u>	<u>Carrying Amount</u>
<b><u>PRIMARY GOVERNMENT (Continued)</u></b>		
<b><u>1998C Public Improvement Sales Tax Revenue Bonds</u></b>		
Whitney National Bank:		
Cash in Bank		\$ 45,165
Certificates of Deposit - Hibernia National Bank	1.70-2.03	160,131
Certificates of Deposit - Hancock National Bank	2.15	53,401
Repurchase Agreements	3.89	460,000
Total 1998C Public Improvement Sales Tax Revenue Bonds		718,697
<b><u>2001A Public Improvement Sales Tax Revenue Bonds</u></b>		
Whitney National Bank:		
Cash in Bank		105,589
Certificates of Deposit - Hibernia National Bank	1.70-2.03	266,604
Certificates of Deposit - Hancock Bank	2.15	133,363
Certificates of Deposit - Bank One	1.86	133,302
Repurchase Agreements	5.04	1,599,624
Total 1998C Public Improvement Sales Tax Revenue Bonds		2,238,482
Grand Total Cash, Cash Equivalents and Investments - Primary Government excluding Employees' Retirement System Pension Trust Fund		\$ 479,154,384
<b><u>Employees' Retirement System Pension Trust Fund</u></b>		
Cash in Bank		\$ 5,028,036
U.S. Treasury Bonds		18,642,695
U.S. Agency Notes		7,885,882
Mortgage Backed Securities		36,427,451
Corporate Bonds		61,545,847
Corporate Bonds Index		143,024,861
Corporate Stock Index		444,373,914
International Equities		170,334,186
Asset Backed Securities		17,812,388
Money Market Funds		7,639,127
Total Employees' Retirement System Pension Trust Fund		\$ 912,714,387
<b><u>COMPONENT UNITS</u></b>		
District Attorney of the Nineteenth Judicial District		\$ 2,895,374
Nineteenth Judicial District Court		399,764
E.B.R. Parish Family Court		300,117
E.B.R. Parish Juvenile Court		552,950
Nineteenth Judicial District Indigent Defender Board		285,873
E.B.R. Parish Clerk of Court		6,182,185
E. B. R. Parish Coroner		55
St. George Fire Protection District		787,988
Central Fire Protection District		435,458
E.B.R. Parish Fire Protection District No. 6		154,981
Eastside Fire Protection District		79,128
Pride Fire Protection District		64,235
Alsen-St. Irma Lee Fire Protection District		29,918
Capital Region Planning Commission		494,600
Capital Area Transit System		271,496
Grand Total Cash, Cash Equivalents and Investments - Component Units		\$ 12,934,122

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
EMPLOYEES' RETIREMENT SYSTEMS  
REVENUE BY SOURCE AND EXPENSES BY TYPE**

EXHIBIT I - 2

**REGULAR EMPLOYEES' TRUST**

<u>Revenue By Source</u>					
<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Net Appreciation (Depreciation) in Fair Value of Investments</u>	<u>Total</u>
1994	\$ 8,071,425	\$ 12,559,091	\$ 8,078,771	\$ --	\$ 28,709,287
1995	8,751,553	14,276,717	23,361,645	84,200,933 *	130,590,848
1996	9,033,167	16,219,697	20,725,256	35,437,680	81,415,800
1997	9,645,590	18,405,695	14,772,623	86,711,576	129,535,484
1998	11,632,339	20,120,542	9,901,484	79,443,675	121,098,040
1999	11,776,623	20,334,067	9,694,688	83,703,462	125,508,840
2000	9,231,205	13,587,244	10,466,030	7,199,059	40,483,538
2001	8,972,290	11,516,686	10,284,795	(25,651,838)	5,121,933
2002	9,223,966	12,053,689	8,578,556	(71,317,665)	(41,461,454)
2003	9,063,451	14,531,806	5,916,688	151,705,813	181,217,758
2004	11,148,409	17,739,809	6,342,098	84,474,036	119,704,352

<u>Expenses By Type</u>				
<u>Fiscal Year</u>	<u>Benefits</u>	<u>Administrative Expenses</u>	<u>Refunds and Withdrawals</u>	<u>Total</u>
1994	\$ 25,063,890	\$ 1,719,250	\$ 1,094,799	\$ 27,877,939
1995	28,602,602	791,387	1,724,025	31,118,014
1996	30,666,429	877,475	1,815,573	33,359,477
1997	44,787,560	1,020,585	1,487,729	47,295,874
1998	37,095,474	1,015,699	1,493,287	39,604,460
1999	40,759,659	944,577	2,012,039	43,716,275
2000	43,966,217	732,364	1,760,171	46,458,752
2001	43,261,108	789,316	1,999,902	46,050,326
2002	45,286,042	817,319	1,670,141	47,773,502
2003	48,561,375	954,294	1,681,537	51,197,206
2004	53,426,342	836,043	1,432,612	55,694,997

\* The Retirement System elected early implementation of GASB Statement No. 25.

This section which is composed of accounting and non-accounting data is presented in order to provide the reader with additional information as an aid to understanding the financial activities of the governmental unit.

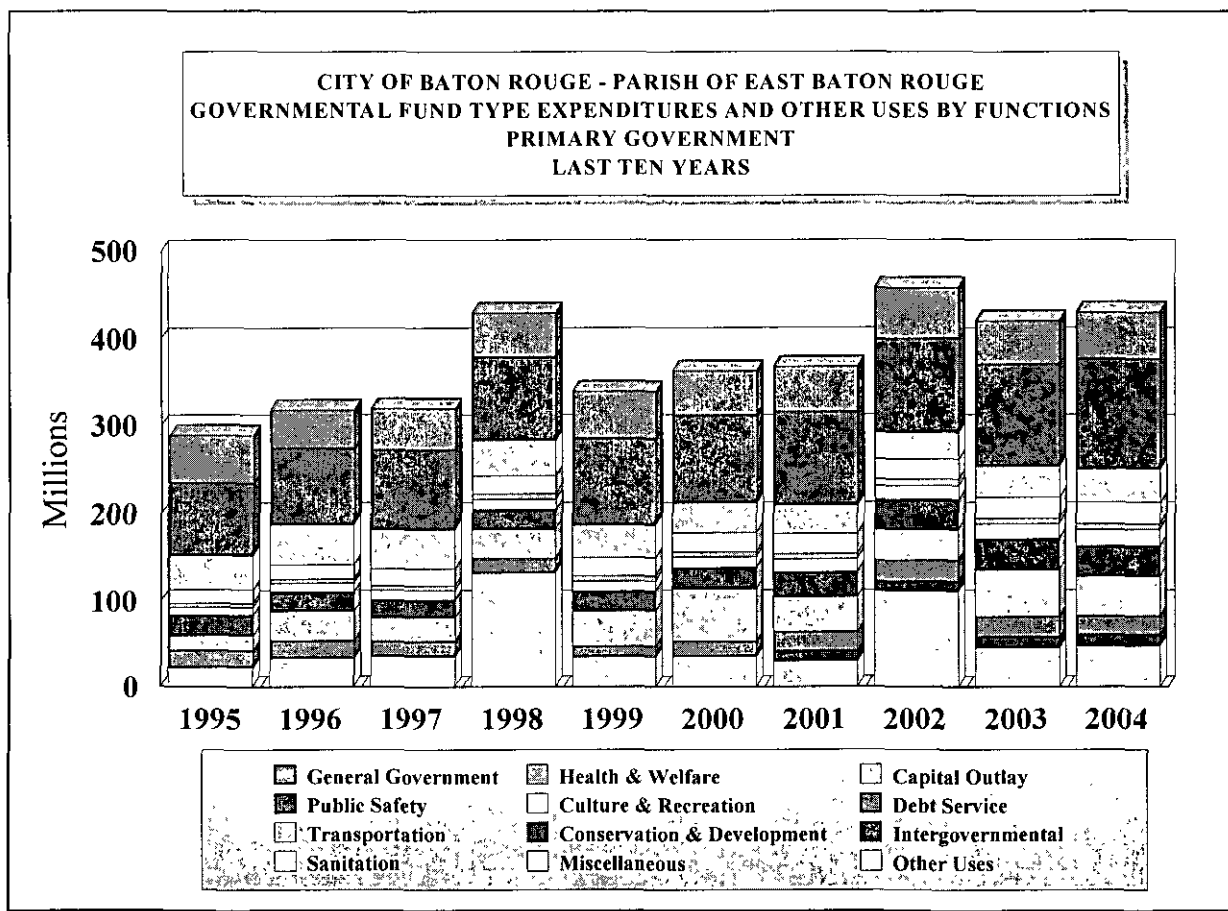
**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
GOVERNMENTAL FUND TYPE EXPENDITURES AND OTHER USES BY FUNCTIONS  
PRIMARY GOVERNMENT  
LAST TEN YEARS**

<u>Year</u>	<u>Total (1)</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Trans- portation</u>	<u>Sanitation</u>	<u>Health and Welfare</u>
1995	\$289,044,175	\$54,021,789 (3)	\$ 82,767,969 (3)	\$38,784,240	\$15,731,515	\$4,911,308
1996	318,217,924	44,058,708	86,700,228	45,689,687	16,229,461	4,966,789
1997	319,474,668	46,967,482	90,871,356	44,625,709	19,269,426	5,490,266
1998	429,500,455	50,119,584	96,422,826	40,283,982	20,224,396	6,471,130
1999	339,502,355	54,017,146	98,944,490	36,891,317	20,701,834	6,210,161
2000	362,917,034	50,625,426	100,598,273	33,896,014	21,839,759	5,918,579
2001	367,861,787	51,845,747	106,812,339	32,773,354	22,495,257	6,469,321
2002	457,609,882	57,640,679	108,260,680	30,455,778	22,541,727	7,760,560
2003	420,199,224	49,508,255 (7)	117,426,106	35,131,084	23,910,559	6,765,139
2004	429,791,283	52,943,510	127,225,417	37,260,957	24,720,615	6,738,112

- (1) Includes expenditures and other uses of General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.
- (2) The miscellaneous function is used for items which cannot be properly classified under the other ten functions.
- (3) In compliance with Governmental Accounting Standards Board Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," expenditures previously classified under general government and public safety have been re-classified as other uses.
- (4) A payment was made to the refunded bond escrow agent for the defeasance of several City and Parish bond issues.
- (5) In compliance with Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," transfers to discretely presented component units previously classified as other uses have been re-classified as intergovernmental expenditures.
- (6) A payment was made to refund the outstanding portion of the State Municipal Police Employees Retirement System Note.
- (7) Expenditures for risk management decreased due to a change in benefits and excess premium collections.

Source: Comprehensive Annual Financial Report

Culture and Recreation	Conservation and Development	Miscellaneous (2)	Capital Outlay	Debt Service	Inter-governmental	Other Uses
\$ 9,219,762	\$24,381,475	\$ 2,141	\$16,531,220	\$19,971,045	\$ 62,521	\$ 22,659,190 (3)
9,698,050	23,055,882	--	33,992,571	20,404,158	62,443	33,359,947
10,481,478	21,522,898	26,956	26,995,425	18,169,278	70,526	34,983,868
11,418,611	22,932,155	--	32,523,169	17,015,904	73,286	132,015,412 (4)
11,346,276	23,416,272	--	40,819,328	12,894,116	70,505	34,190,910
12,094,134	24,052,326	--	61,163,313	17,736,581	70,618	34,922,011
14,562,080	28,718,968	--	40,312,819	22,408,477	11,870,634 (5)	29,592,791 (5)
15,360,083	34,616,566	--	34,332,975	23,911,864	12,052,083	110,676,887 (6)
16,728,797	35,754,278	--	53,161,872	23,589,720	13,138,229	45,085,185
18,135,345	34,959,440	--	44,991,442	21,978,354	13,600,694	47,237,397



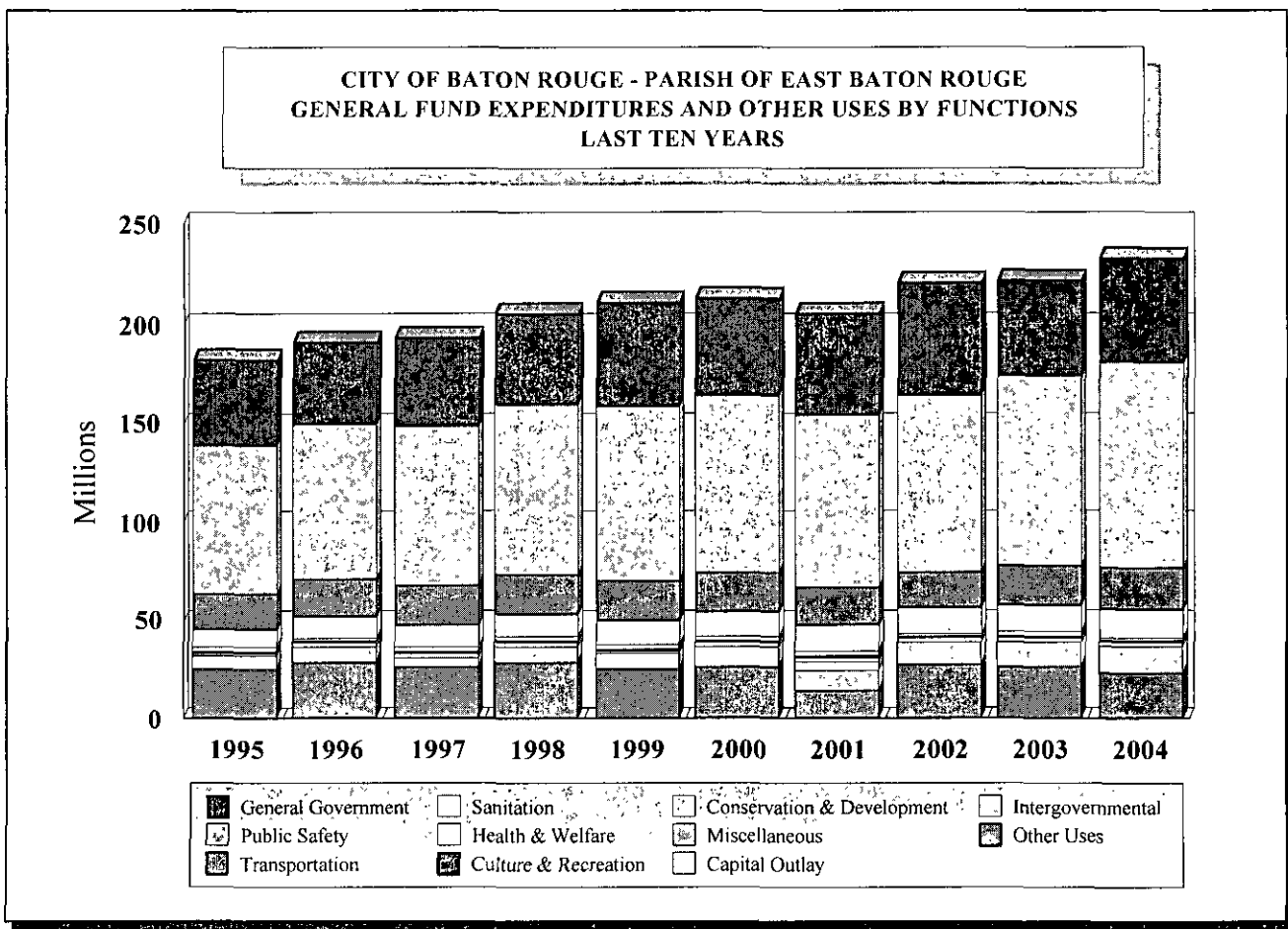
**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
GENERAL FUND EXPENDITURES AND OTHER USES BY FUNCTIONS  
LAST TEN YEARS**

<u>Year</u>	<u>Total</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Trans- portation</u>	<u>Sanitation</u>	<u>Health and Welfare</u>
1995	\$182,325,959	\$43,512,173 (2)	\$ 74,703,520 (2)	\$18,088,978	\$ 9,793,321	\$1,456,043
1996	191,305,543	41,107,486	78,379,920	20,088,917	10,120,664	1,398,596
1997	193,078,160	43,978,768	80,763,912	20,890,759	11,257,478	1,499,823
1998	205,993,560	46,843,956	84,767,333	20,700,360	11,989,912	1,649,605
1999	211,545,341	53,016,676	87,896,333	20,661,129	12,268,134	1,657,568
2000	213,431,525	49,546,646	89,246,620	20,066,465	12,833,300	1,644,784
2001	205,411,122	51,063,982	87,451,882	19,641,058	13,073,045	1,607,790
2002	220,902,902	56,892,370	88,472,988	18,991,378	12,990,405	1,539,683
2003	222,465,948	48,795,023 (5)	95,724,860	20,185,063	13,819,386	1,495,643
2004	232,552,973	51,827,782	103,208,924	22,119,099	14,217,768	1,565,491

- (1) The miscellaneous function is used for items which cannot be properly classified under the other ten functions.
- (2) In compliance with Governmental Accounting Standards Board Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," expenditures previously classified under general government and public safety have been reclassified as other uses.
- (3) In compliance with Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," transfers to discretely presented component units previously classified as other uses have been re-classified as intergovernmental expenditures.
- (4) Beginning in 2002, capital outlay expenditures for General Fund operating budgets have been recorded in the Capital Projects Fund.
- (5) Expenditures for risk management decreased due to a change in benefits and excess premium collections.

Source: Comprehensive Annual Financial Report

<u>Culture and Recreation</u>	<u>Conservation and Development</u>	<u>Miscellaneous (1)</u>	<u>Capital Outlay</u>	<u>Inter-governmental</u>	<u>Other Uses</u>
\$ 952,927	\$1,757,039	--	\$5,940,759	\$ 62,521	\$26,058,678 (2)
1,115,012	1,990,203	--	8,081,381	62,443	28,960,921
1,081,844	2,278,001	--	4,103,964	70,526	27,153,085
1,439,533	2,196,926	--	7,203,044	73,286	29,129,605
1,174,082	1,815,828	--	7,280,484	70,505	25,704,602
1,448,020	2,152,670	--	9,139,235	70,618	27,283,167
1,221,336	1,915,033	--	4,219,980	10,923,404 (3)	14,293,612 (3)
1,342,224	1,738,185	--	-- (4)	11,104,853	27,830,816 (4)
1,051,410	1,931,859	--	132,071	12,190,999	27,139,634
1,123,389	1,988,860	--	26,542	12,653,464	23,821,654



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
GOVERNMENTAL FUND TYPE REVENUES AND OTHER FINANCING SOURCES  
PRIMARY GOVERNMENT  
LAST TEN YEARS**

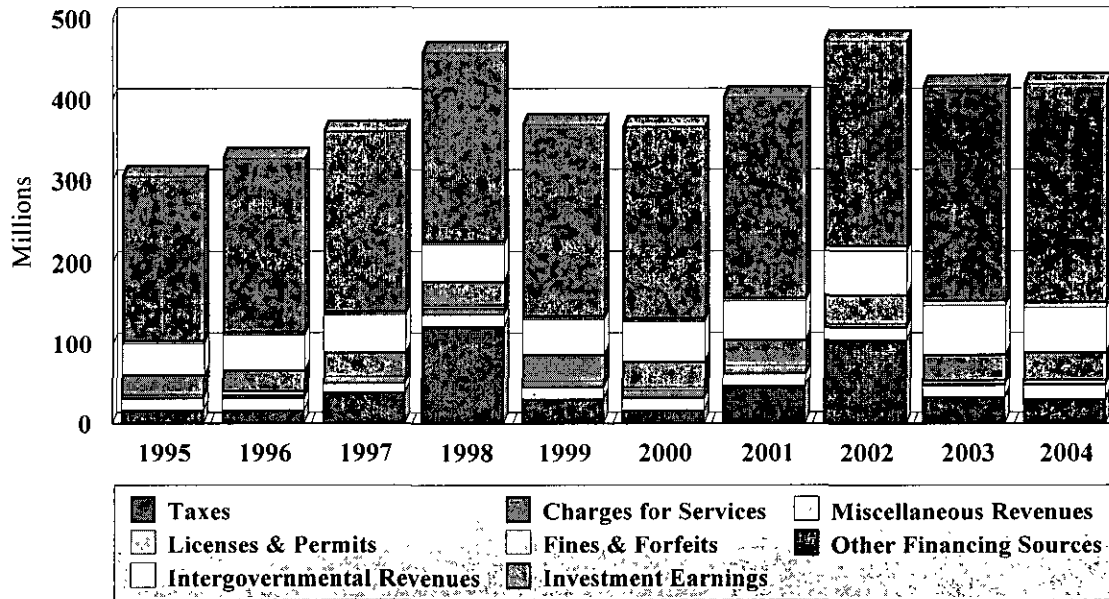
<u>Year</u>	<u>Total (1)</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- governmental Revenues</u>	<u>Charges for Services</u>	<u>Fines and Forfeits</u>
1995	\$306,428,148	\$201,318,217	\$2,821,922	\$40,729,266	\$23,228,832	\$1,667,922
1996	330,051,186	213,835,500	3,157,223	44,242,005	29,559,869	1,931,575
1997	362,606,574	221,051,652	3,065,678	47,595,813	30,272,957	1,975,000
1998	459,176,111	231,463,834	3,053,896	45,235,023	31,464,891	1,453,303
1999	370,409,379	234,567,952	3,333,017	45,756,884	31,274,432	2,041,949
2000	367,040,619	234,263,527	3,175,718	50,363,986	33,420,104	2,330,863
2001	403,603,003	246,633,408	3,105,601	46,953,068	32,499,844	1,886,045
2002	472,706,782	252,816,183	3,259,749	54,544,969	34,758,894	1,894,990
2003	416,732,474	263,344,218	3,540,070	61,483,565	34,618,135	2,263,940
2004	420,645,132	270,185,311	3,596,428	55,981,647	37,696,092	2,006,107

- (1) Includes revenues and other financing sources of General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.
- (2) City of Baton Rouge issued \$19,325,000 in Sales Tax Revenue Bonds.
- (3) City of Baton Rouge issued \$94,450,000 and the Parish of East Baton Rouge issued \$4,600,000 in Sales Tax Revenue Bonds.
- (4) The Parish of East Baton Rouge executed a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority (the "LCDA") in the amount of \$12,000,000.
- (5) City of Baton Rouge issued \$23,625,000 in Sales Tax Revenue Bonds.
- (6) City of Baton Rouge issued \$25,900,000 in Variable Rate Taxable Refunding Bonds and \$47,550,000 in Fixed Rate Taxable Refunding Bonds.

Source: Comprehensive Annual Financial Report

<u>Investment Earnings</u>	<u>Miscellaneous Revenues</u>	<u>Other Financing Sources</u>
\$ 5,158,003	\$13,244,992	\$ 18,258,994
5,147,317	13,448,110	18,729,587
6,166,708	13,183,505	39,295,261 (2)
7,739,227	14,252,772	124,513,165 (3)
8,130,317	14,178,816	31,126,012 (4)
11,155,967	14,425,412	17,905,042
9,899,112	14,144,221	48,481,704 (5)
5,060,474	14,715,386	105,656,137 (6)
3,698,245	14,259,630	33,524,671
3,920,752	14,944,156	32,314,639

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
GOVERNMENTAL FUND TYPE REVENUES AND OTHER FINANCING SOURCES  
PRIMARY GOVERNMENT  
LAST TEN YEARS**

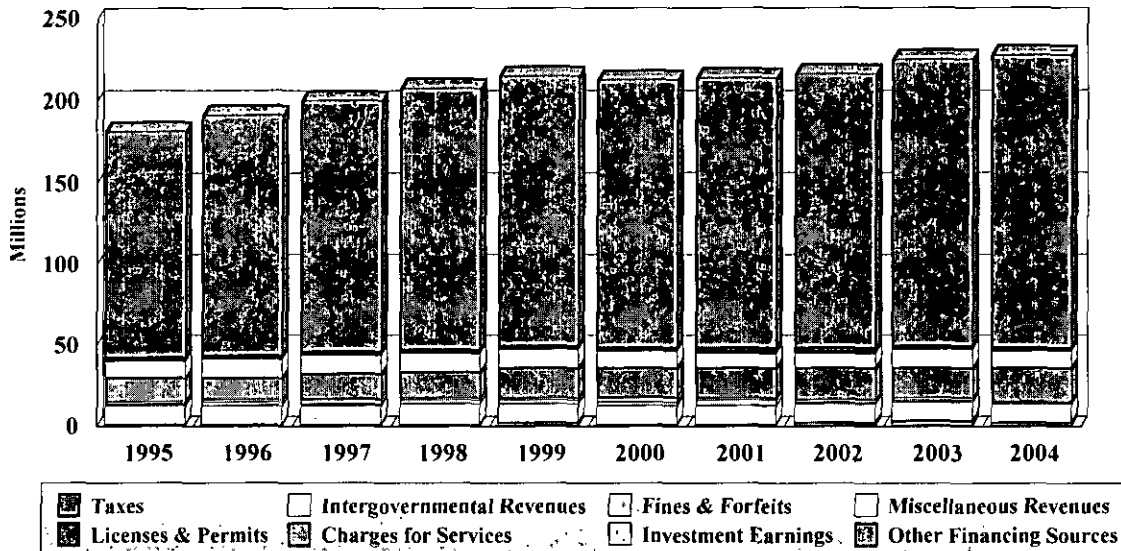


**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES  
LAST TEN YEARS**

<u>Year</u>	<u>Total</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- governmental Revenues</u>	<u>Charges for Services</u>	<u>Fines and Forfeits</u>
1995	\$182,050,487	\$138,854,383	\$2,589,576	\$10,470,949	\$13,967,669	\$1,424,165
1996	192,226,921	147,305,845	2,914,367	11,263,149	14,154,692	1,529,699
1997	200,150,153	153,338,987	2,826,921	11,302,459	16,225,701	1,567,444
1998	207,505,287	159,561,146	2,799,733	11,066,268	16,439,149	1,162,126
1999	215,109,642	164,277,924	3,070,913	11,056,363	18,997,254	1,409,358
2000	213,662,061	164,332,179	2,838,900	9,317,378	19,294,735	1,689,015
2001	214,658,965	165,876,719	2,759,106	9,190,639	18,506,335	1,546,660
2002	216,321,519	167,411,480	2,915,318	9,478,103	19,549,596	1,438,317
2003	225,157,856	174,380,214	3,193,759	10,167,291	19,616,217	1,431,893
2004	228,501,509	178,882,312	3,229,970	9,734,390	20,432,910	1,463,484

<u>Investment Earnings</u>	<u>Miscellaneous Revenues</u>	<u>Other Financing Sources</u>
\$1,946,589	\$11,315,402	\$1,481,754
1,643,647	11,041,980	2,373,542
1,903,366	11,079,248	1,906,027
2,305,662	11,865,060	2,306,143
2,093,016	11,548,371	2,656,443
2,945,016	11,553,945	1,690,893
3,349,954	11,228,636	2,200,916
1,234,692	11,181,424	3,112,589
785,253	10,606,541	4,976,688
848,786	10,814,062	3,095,595

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES  
LAST TEN YEARS**



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
GENERAL FUND TAX REVENUES BY SOURCE  
LAST TEN YEARS**

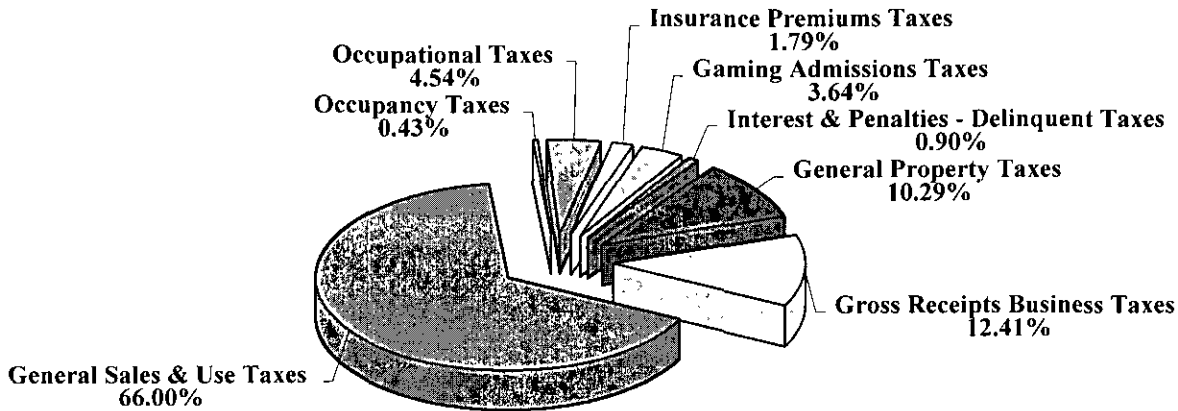
<u>Year</u>	<u>Total</u>	<u>General Property Taxes</u>	<u>Gross Receipts Business Taxes</u>	<u>General Sales and Use Taxes</u>	<u>Occupancy Taxes</u>	<u>Occu- pational Taxes</u>
1995	\$138,854,383	\$13,112,531	\$18,526,515	\$ 88,885,089	\$ --	\$6,057,817
1996	147,305,845	13,488,009	17,878,832	96,451,955	--	5,847,445
1997	153,338,987	14,365,475	18,298,419	99,559,762	--	6,612,191
1998	159,561,146	15,153,213	18,554,173	105,532,011	--	6,675,712
1999	164,277,924	15,495,132	18,540,984	110,631,364	--	7,101,452
2000	164,332,179	15,383,050	20,503,808	110,176,695	--	7,113,392
2001	165,876,719	16,650,545	22,835,795	107,989,967	--	7,092,503
2002	167,411,480	17,364,141	20,507,647	109,890,937	772,347 *	7,343,976
2003	174,380,214	18,225,444	21,847,779	114,377,157	729,704	7,983,387
2004	178,882,312	18,407,061	22,203,425	118,071,748	763,834	8,124,176

\* During 2002, occupancy taxes previously recorded in the Baton Rouge River Center Fund were deposited to the General Fund.

Source: Comprehensive Annual Financial Report

<u>Insurance Premiums Taxes</u>	<u>Gaming Admissions Taxes</u>	<u>Interest and Penalties- Delinquent Taxes</u>
\$2,969,461	\$ 8,254,369	\$1,048,601
2,817,827	8,626,811	2,194,966
2,816,105	10,028,668	1,658,367
2,790,832	9,415,495	1,439,710
2,955,211	8,216,068	1,337,713
2,832,468	7,010,225	1,312,541
2,947,040	7,054,025	1,306,844
3,071,734	7,131,320	1,329,378
3,054,020	6,819,775	1,342,948
3,194,151	6,504,030	1,613,887

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
GENERAL FUND TAX REVENUES BY SOURCE  
FOR THE YEAR ENDED DECEMBER 31, 2004**



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS**

EXHIBIT J - 6

<u>Year</u>	<u>Total Tax Levy</u>	<u>Collections</u>	<u>Percent of Levy Collected</u>	<u>Prior Year Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Collections to Tax Levy</u>
<u>City of Baton Rouge Sub Fund</u>						
1994	\$7,346,852	\$7,186,633	97.82 %	\$164,460	\$7,351,093	100.06 %
1995	7,630,188	7,446,243	97.59	134,131	7,580,374	99.35
1996	7,923,458	7,756,358	97.89	126,883	7,883,241	99.49
1997	8,253,582	8,063,699	97.70	140,344	8,204,043	99.40
1998	8,662,650	8,388,954	96.84	97,277	8,486,231	97.96
1999	8,924,989	8,782,957	98.41	136,608	8,919,565	99.94
2000	9,233,409	9,056,440	98.08	105,071	9,161,511	99.22
2001	9,412,866	9,171,828	97.44	107,678	9,279,506	98.58
2002	9,622,772	9,402,985	97.72	97,600	9,500,585	98.73
2003	10,048,391	9,826,910	97.80	98,434	9,925,344	98.78
2004	10,067,328					
<u>Parish of East Baton Rouge Sub Fund</u>						
1994	\$5,255,610	\$5,062,722	96.33 %	\$137,405	\$5,200,127	98.94 %
1995	5,477,704	5,297,728	96.71	77,330	5,375,058	98.13
1996	5,698,781	5,530,813	97.05	79,484	5,610,297	98.45
1997	6,158,765	5,980,058	97.10	145,285	6,125,343	99.46
1998	6,635,226	6,422,070	96.79	52,132	6,474,202	97.57
1999	6,942,479	6,758,323	97.35	60,835	6,819,158	98.22
2000	7,172,500	6,939,318	96.75	67,904	7,007,222	97.70
2001	7,593,434	7,355,336	96.86	57,340	7,412,676	97.62
2002	7,946,684	7,680,424	96.65	40,301	7,720,725	97.16
2003	8,478,022	8,258,061	97.41	62,026	8,320,087	98.14
2004	8,626,282					

"Total Tax Levy" represents the taxpayer portion of the original levy of the Assessor 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 or delayed homestead exemptions.

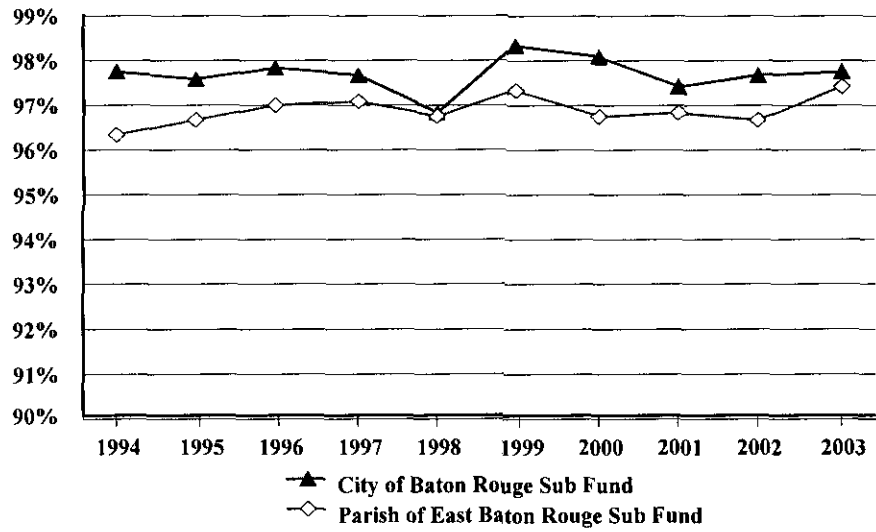
Source: East Baton Rouge Parish Assessor's Grand Recapitulation of the Assessment Roll for the Parish of East Baton Rouge.

Continued

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS

EXHIBIT J - 6  
(Continued)

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
PERCENT OF LEVY COLLECTED  
LAST TEN YEARS



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS**

EXHIBIT J - 7

<u>Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value*</u>
<u>City of Baton Rouge</u>			
1995	\$ 873,019,222	\$ 7,936,538,382	11 %
1996	932,171,540	8,474,286,727	11
1997	971,009,652	8,827,360,473	11
1998	1,019,135,241	9,264,865,827	11
1999	1,049,998,711	9,545,442,827	11
2000	1,107,123,367	10,064,757,882	11
2001	1,128,641,029	10,260,372,991	11
2002	1,153,809,550	10,489,177,727	11
2003	1,204,843,076	10,953,118,873	11
2004	1,284,097,909	11,673,617,355	11
<u>Parish of East Baton Rouge</u>			
1995	\$1,738,389,370	\$15,803,539,727	11 %
1996	1,864,291,960	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

\*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.

\*\*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>

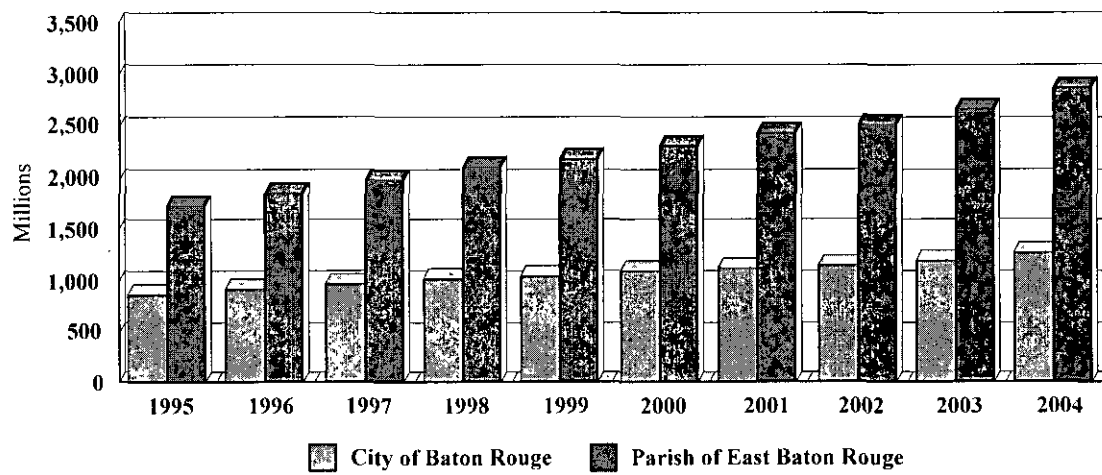
Source: East Baton Rouge Parish Assessor's Grand Recapitulation of the Assessment Roll for the Parish of East Baton Rouge.

Continued

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS

EXHIBIT J - 7  
(Continued)

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
ASSESSED VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS (1)  
LAST TEN YEARS**

Year	City		Parish			
	Operating	Municipal Fire Salaries and Benefits	Operating	Debt Service (2)	Mosquito and Rodent Tax	Emergency Medical Services
<u>TAX RATES (mills per dollar)</u>						
1995	8.74	--	4.38	2.85	1.23	3.13
1996	8.50	--	4.20	1.22	1.18	3.00
1997	8.50	--	4.20	0.63	1.18	3.00
1998	8.50	--	4.20	--	1.18	3.00
1999	8.50	--	4.20	--	1.18	3.00
2000	8.34	--	4.06	--	1.14	2.90
2001	8.34	6.00	4.06	--	1.14	2.90
2002	8.34	6.00	4.06	--	1.14	2.90
2003	8.34	6.00	4.06	--	1.14	2.90
2004	7.84	6.00	3.78	--	1.23	2.70

<u>TAX LEVIES</u>						
1995	\$7,630,188	\$ --	\$7,614,145	\$4,954,410	\$2,138,219	\$5,441,159
1996	7,923,458	--	7,830,026	2,274,436	2,199,865	5,592,876
1997	8,253,582	--	8,336,650	1,250,498	2,342,202	5,954,750
1998	8,662,650	--	8,864,201	--	2,490,418	6,331,572
1999	8,924,989	--	9,223,827	--	2,591,456	6,588,448
2000	9,233,409	--	9,435,803	--	2,649,462	6,739,859
2001	9,412,866	6,771,846	9,896,080	--	2,778,702	7,068,629
2002	9,622,772	6,922,857	10,286,438	--	2,888,310	7,347,456
2003	10,048,391	7,229,058	10,837,252	--	3,042,972	7,740,895
2004	10,067,328	7,704,587	10,905,435	--	3,548,594	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.

<u>Library Board of Control</u>	<u>School District</u>	<u>Recreation and Park</u>	<u>Law Enforcement District</u>	<u>Assessor's Salary and Expense Fund</u>	<u>Total</u>
<u>TAX RATES (mills per dollar)</u>					
8.33	45.34	11.45	14.99	1.60	102.04
11.10	43.45	10.97	14.99	1.53	100.14
11.10	43.45	10.95	14.99	1.53	99.53
11.10	43.45	10.95	14.99	1.53	98.90
11.10	43.45	10.95	14.99	1.53	98.90
10.72	43.45	10.95	14.99	1.48	98.03
10.72	43.45	10.95	14.99	1.48	104.03
10.72	43.45	10.95	14.99	1.48	104.03
10.72	43.45	10.95	14.99	1.48	104.03
9.97	43.45	10.95	14.99	1.38	102.29

TAX LEVIES

\$14,480,783	\$78,818,574	\$19,904,558	\$26,058,457	\$2,781,423	\$169,821,916
20,693,641	81,003,486	20,451,283	27,945,737	2,852,367	178,767,175
22,032,576	86,244,633	21,734,839	29,753,902	3,036,923	188,940,555
23,426,816	91,702,265	23,110,237	31,636,754	3,229,102	199,454,015
24,377,257	95,422,686	24,047,834	32,920,277	3,360,108	207,456,882
24,914,237	100,981,681	25,448,778	34,838,099	3,439,652	217,680,980
26,129,552	105,907,560	26,690,168	36,537,499	3,607,438	234,800,340
27,160,250	110,085,155	27,742,979	37,978,745	3,749,736	243,784,698
28,614,617	109,279,071	29,228,550	40,012,417	3,950,525	249,983,748
28,763,806	117,833,099	31,591,140	43,246,685	3,981,349	265,431,619

- (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, Comite Diversion Canal, 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

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
PRINCIPAL TAXPAYERS  
DECEMBER 31, 2004**

EXHIBIT J - 9

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation (1)</u>	<u>Percentage of Total Assessed Valuation</u>
<i>ExxonMobil Corporation</i>	<i>Petroleum Products</i>	\$199,833,040	6.93 %
Entergy, Inc.	Electric and Gas Utility	60,678,230	2.10
Bellsouth 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 Works	Water Utility	15,217,620	0.53
Formosa Plastics	Plastic Manufacturer	14,254,300	0.49
Wal-Mart	Retail Store	13,753,750	0.48
Paxon Polymer	Plastic Manufacturer	<u>13,055,750</u>	<u>0.45</u>
		<u>\$486,652,960</u>	<u>16.87 %</u>

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

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SPECIAL ASSESSMENT COLLECTIONS  
LAST TEN YEARS**

EXHIBIT J - 10

<u>Year</u>	<u>Assessments Beginning of Year</u>	<u>Additions and Adjustments</u>	<u>Collections</u>	<u>Assessments End of Year</u>
1995	\$288,563	\$ 4,602	\$4,296	\$288,869
1996	288,869	180	12,607	276,442
1997	276,442	(29,011)	5,395	242,036
1998	242,036	220,938	15,765	447,209
1999	447,209	--	43,776	403,433
2000	403,433	588	34,384	369,637
2001	369,637	370	42,271	327,736
2002	327,736	--	17,671	310,065
2003	310,065	404	35,871	274,598
2004	274,598	403	93,477	181,524 (1)

(1) Assessments End of Year includes \$40,497 for paving assessments accounted for in the General Fund. Street lighting assessments in the amount of \$11,950 are accounted for in the Capital Projects Fund. Sewer assessments in the amount of \$129,077 are accounted for in the Comprehensive Sewerage System Fund.

Source: Finance Department Records

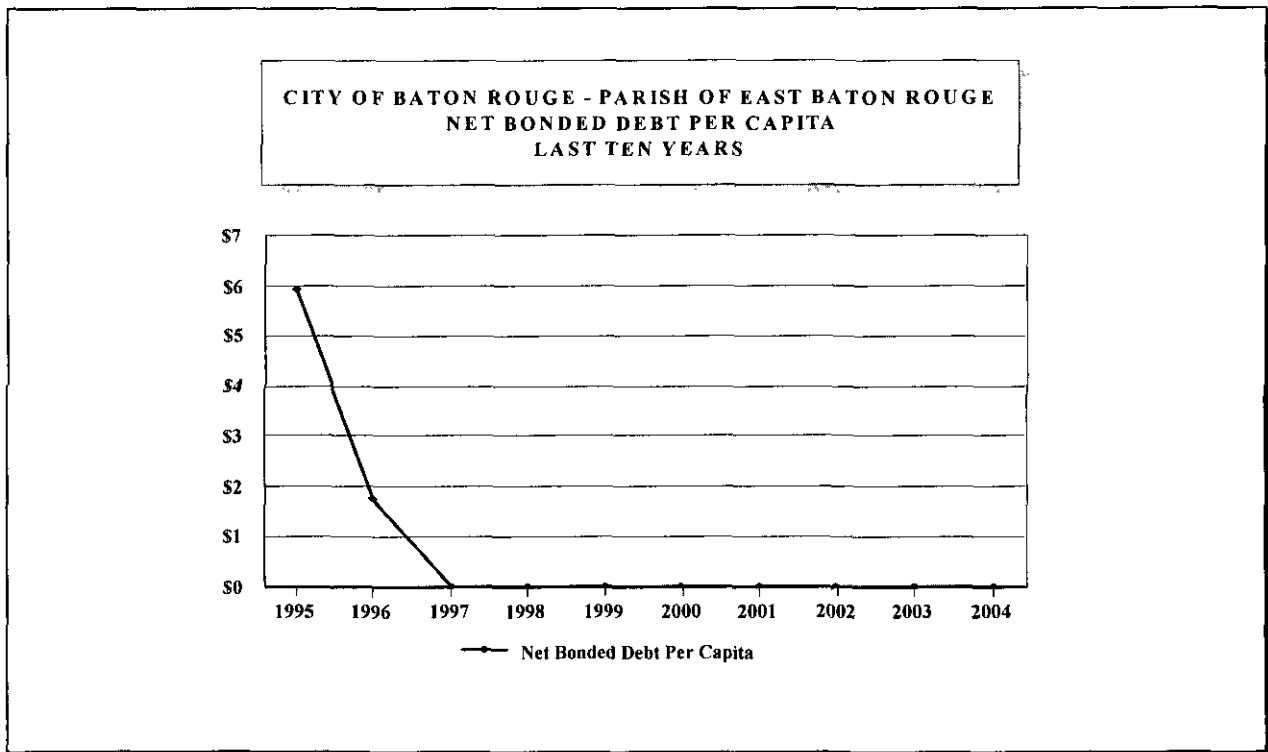
**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
RATIO OF NET BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA  
LAST TEN YEARS**

EXHIBIT J - 11

<u>Year</u>	<u>Population (1)</u>	<u>Assessed Value</u>	<u>General Obligation Bonded Debt</u>	<u>Less Debt Service Fund (3)</u>	<u>Net Bonded Debt (4)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1995	398,661	\$1,738,389,370	\$6,550,000	\$4,182,365	\$2,367,635	0.14 %	\$6
1996	399,992	1,864,291,960	3,655,000	2,944,079	710,921	0.04	2
1997	396,331	1,984,916,760	1,300,000	1,300,000	--	--	--
1998	396,556	2,110,523,938	--	--	--	--	--
1999	399,105	2,196,149,252	--	--	--	--	--
2000	412,852 (2)	2,324,089,310	--	--	--	--	--
2001	414,040	2,437,458,220	--	--	--	--	--
2002	414,833	2,533,605,400	--	--	--	--	--
2003	416,881	2,669,273,996	--	--	--	--	--
2004	416,492	2,885,035,660	--	--	--	--	--

- (1) Estimates - Planning Commission
- (2) Official U. S. Census
- (3) Amount available for repayment of general obligation and limited tax bond principal
- (4) Revenue bonds and excess revenue bonds, certificates of indebtedness, notes and contracts are not included in this exhibit.

Source: Comprehensive Annual Financial Report



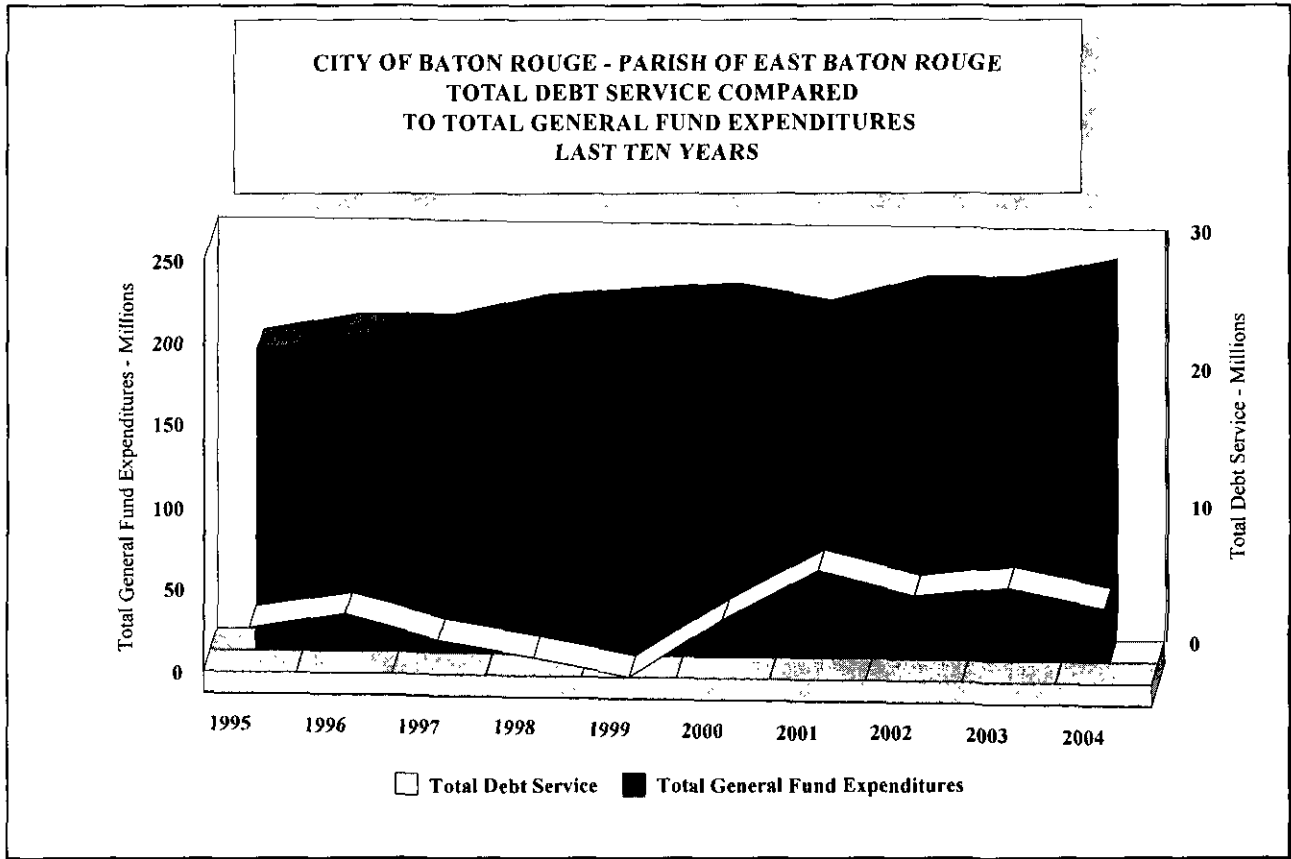
**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES  
LAST TEN YEARS**

EXHIBIT J - 12

<u>Year</u>	<u>Principal</u>	<u>Interest (1)</u>	<u>Total Debt Service (2)</u>	<u>Total General Fund Expenditures (3)</u>	<u>Ratio of Debt Service to General Fund Expenditures</u>
1995	\$2,849,810	\$408,251	\$3,258,061	\$182,325,959	1.79 %
1996	4,101,763	291,318	4,393,081	191,305,543	2.30
1997	2,364,966	102,044	2,467,010	193,078,160	1.28
1998	1,310,943	38,416	1,349,359	205,993,560	0.66
1999	12,117	5,332	17,449	211,545,341	0.01
2000	601,409 (4)	3,683,161 (4)	4,284,570	213,431,525	2.01
2001	2,927,960 (5)	5,067,403	7,995,363	205,411,122	3.89
2002	1,878,375 (6)	4,264,246	6,142,621	220,902,902	2.78
2003	4,368,945 (7)	2,648,980	7,017,925	222,465,948	3.15
2004	1,831,000	3,785,773	5,616,773	232,552,973	2.42

- (1) Excludes paying agent fees and other costs.
- (2) Total Debt Service includes excess revenue bonds, certificates and notes.
- (3) Includes Expenditures and Other Uses (encumbrances not included) of the General Fund only.
- (4) The City signed a long-term note with the State Municipal Police Employees' Retirement System in the amount of \$72,738,769.
- (5) The Parish advance paid principal in the amount of \$1,840,373 on the LA Community Development Authority note.
- (6) The Parish advance paid principal in the amount of \$840,000 on the LA Community Development Authority note.
- (7) The Parish advance paid principal in the amount of \$1,933,945 on the LA Community Development Authority note.

Source: Comprehensive Annual Financial Report



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
DECEMBER 31, 2004**

	<u>Gross Debt Outstanding</u>	<u>Amounts in Debt Service Fund For Principal</u>	<u>Net Debt Outstanding</u>
<u>City of Baton Rouge:</u>			
2002A Fixed Rate Taxable Refunding	\$ 24,470,000	\$ --	\$ 24,470,000
2002B Fixed Rate Taxable Refunding	45,365,000	--	45,365,000
<u>Parish of East Baton Rouge:</u>			
LA Community Development Authority	<u>1,803,555</u>	<u>--</u>	<u>1,803,555</u>
Total direct debt	<u>71,638,555</u>	<u>--</u>	<u>71,638,555</u>
<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
East Baton Rouge Parish School System	2,539,623	--	2,539,623
Port of Greater Baton Rouge	<u>7,691,105</u>	<u>340,000</u>	<u>7,351,105</u>
Total overlapping debt	<u>23,404,909</u>	<u>2,516,563</u>	<u>20,888,346</u>
Total direct and overlapping debt	<u>\$ 95,043,464</u>	<u>\$ 2,516,563</u>	<u>\$ 92,526,901</u>
2004 Population			
Per Capita			

<u>Parish</u>		<u>City</u>	
<u>Percent</u>	<u>Share of Debt</u>	<u>Percent</u>	<u>Share of Debt</u>
100 %	\$ 24,470,000	100 %	\$ 24,470,000
100	45,365,000	100	45,365,000
100	<u>1,803,555</u>	45	<u>811,600</u>
	<u>71,638,555</u>		<u>70,646,600</u>
100	288,882	--	--
100	1,972,912	--	--
100	6,603,150	--	--
100	1,632,674	--	--
100	500,000	--	--
100	2,539,623	45	1,142,830
100	<u>7,351,105</u>	100	<u>7,351,105</u>
	<u>20,888,346</u>		<u>8,493,935</u>
	<u>\$ 92,526,901</u>		<u>\$ 79,140,535</u>
	<u>416,492</u>		<u>229,568</u>
	<u>\$222</u>		<u>\$345</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SUMMARY OF REVENUE BOND COVERAGE  
LAST TEN YEARS**

EXHIBIT J - 14

**SCHEDULE A- PUBLIC IMPROVEMENT SALES TAX - SEWER (1/2%)**

<u>Year</u>	<u>Gross Revenue (2)</u>	<u>Expenses (3)</u>	<u>Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest (1)</u>	<u>Total</u>	
1995	\$25,167,277	\$292,682	\$24,874,595	\$3,065,000	\$9,968,885	\$13,033,885	1.91
1996	27,378,976	289,369	27,089,607	3,605,000	12,168,515	15,773,515	1.72
1997	28,111,049	310,592	27,800,457	4,080,000	12,752,811	16,832,811	1.65
1998	29,939,127	313,501	29,625,626	4,444,000	12,397,987	16,841,987	1.76
1999	30,466,913	323,639	30,143,274	4,810,000	11,604,018	16,414,018	1.84
2000	31,209,926	289,000	30,920,926	6,110,000	13,924,207	20,034,207	1.54
2001	30,417,224	265,929	30,151,295	6,630,000	13,408,005	20,038,005	1.50
2002	30,745,621	284,997	30,460,624	7,210,000	13,868,884	21,078,884	1.45
2003	31,739,091	284,602	31,454,489	7,785,000	12,185,787	19,970,787	1.58
2004	32,095,064	324,153	31,770,911	8,740,000	10,902,942	19,642,942	1.62

**SCHEDULE B - CITY SALES TAX (2%)**

<u>Year</u>	<u>Gross Revenue (4)</u>	<u>Expenses (5)</u>	<u>Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest (1)</u>	<u>Total</u>	
1995	\$73,551,183	\$ --	\$73,551,183	\$4,960,000	\$8,213,678	\$13,173,678	5.58
1996	77,653,910	--	77,653,910	5,385,000	7,783,874	13,168,874	5.90
1997	80,565,270	--	80,565,270	5,860,000	7,312,606	13,172,606	6.12
1998	77,582,757	360,000	77,222,757	5,640,000	7,548,727	13,188,727	5.86
1999	79,171,844	--	79,171,844	6,000,000	5,421,613	11,421,613	6.93
2000	78,274,925	--	78,274,925	5,620,000	6,336,631	11,956,631	6.55
2001	78,508,665	--	78,508,665	7,035,000	5,903,227	12,938,227	6.07
2002	77,319,666	--	77,319,666	8,565,000	6,560,011	15,125,011	5.11
2003	78,348,495	--	78,348,495	9,210,000	6,274,835	15,484,835	5.06
2004	77,644,392	--	77,644,392	9,850,000	5,813,785	15,663,785	4.96

**SCHEDULE C - PARISH SALES TAX (2%)**

<u>Year</u>	<u>Gross Revenue (4)</u>	<u>Expenses (5)</u>	<u>Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest (1)</u>	<u>Total</u>	
1995	\$29,129,135	\$ --	\$29,129,135	\$260,000	\$396,093	\$656,093	44.40
1996	32,626,109	--	32,626,109	275,000	379,217	654,217	49.87
1997	34,683,096	--	34,683,096	295,000	361,042	656,042	52.87
1998	42,429,476	88,591	42,340,885	315,000	340,777	655,777	64.57
1999	43,959,488	--	43,959,488	340,000	156,853	496,853	88.48
2000	44,821,104	--	44,821,104	320,000	189,993	509,993	87.89
2001	45,601,245	--	45,601,245	440,000	176,072	616,072	74.02
2002	48,233,190	--	48,233,190	470,000	156,952	626,952	76.93
2003	52,238,042	--	52,238,042	505,000	144,747	649,747	80.40
2004	56,756,746	--	56,756,746	525,000	116,522	641,522	88.47

- (1) Fiscal charges included
- (2) Total sales tax revenues plus interest earnings on sales tax revenues
- (3) Total sales tax collection costs
- (4) Total general sales and use taxes in the general and debt service funds plus interest earnings on sales tax revenues in the City and Parish Sales Tax Bonds Debt Service Funds and operating transfers in
- (5) Refunding bond issuance costs

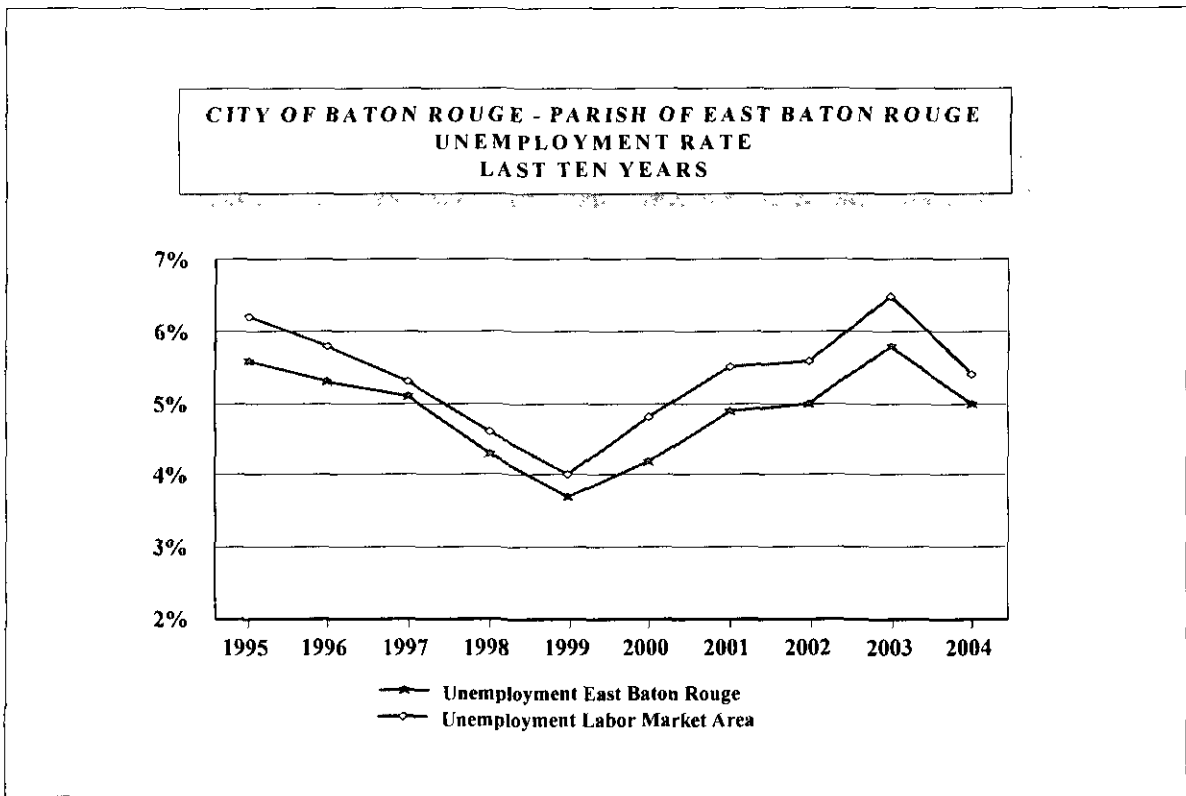
**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS**

EXHIBIT J - 15

<u>Year</u>	<u>Popu- lation (1)</u>	<u>Per Capita Income (3)</u>	<u>Median Age (1)</u>	<u>Public School Enrollment (4)</u>	<u>Unem- ployment East Baton Rouge (5)</u>	<u>Unem- ployment 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	55,970	5.3	5.8
1997	396,331	22,361	29.9	53,379	5.1	5.3
1998	396,556	23,077	29.9	55,507	4.3	4.6
1999	399,105	23,561	29.9	54,443	3.7	4.0
2000	412,852 (2)	25,592	31.5	52,213	4.2	4.8
2001	414,040	26,604	31.5	51,258	4.9	5.5
2002	414,833	25,956	31.5	52,570	5.0	5.6
2003	416,881	27,073	30.4	52,309	5.8	6.5
2004	416,492	28,474	31.5	46,675	5.0 (7)	5.4 (7)

All information is Parishwide

- (1) Estimates - Louisiana Tech University for the U.S. Bureau of Census
- (2) Official U.S. Census
- (3) Estimates - Bureau of Economic Analysis
- (4) East Baton Rouge Parish School Board, Baker School Board and Zachary School Board
- (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



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
CONSTRUCTION AND BANK DEPOSITS  
LAST TEN YEARS**

EXHIBIT J - 16

Year	Commercial Construction (1)		Residential Construction (1)		Bank Deposits (3) (In Thousands)
	Number Of Permits	Value	Number Of Permits	Value	
1995	958	\$210,975,208	2,160	\$93,878,466	\$17,685,694 (2)
1996	1,037	262,585,974	2,312	109,909,237	19,428,938 (2)
1997	1,104	197,840,970	2,081	100,546,972	19,214,205 (2)
1998	870	218,408,621	2,182	107,752,471	4,697,591
1999	991	279,127,563	2,382	117,686,932	5,263,770
2000	907	276,550,291	1,832	97,868,821	5,180,209
2001	837	281,290,772	2,343	122,285,336	5,118,304
2002	938	307,698,093	2,121	128,520,845	6,214,923
2003	998	310,668,484	2,581	163,072,160	6,738,459
2004	775	336,407,203	2,777	183,665,120	See Below

	Bank Deposits (In Thousands) (3)	
	June 30, 2004	June 30, 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	14,814	--
The Highlands Bank	5,282	5,775
Clinton Bank & Trust Company	11,514	10,371
Fidelity Bank & Trust Company	96,394	89,358
<b>Total Deposits</b>	<b>\$6,869,486</b>	<b>\$6,738,459</b>

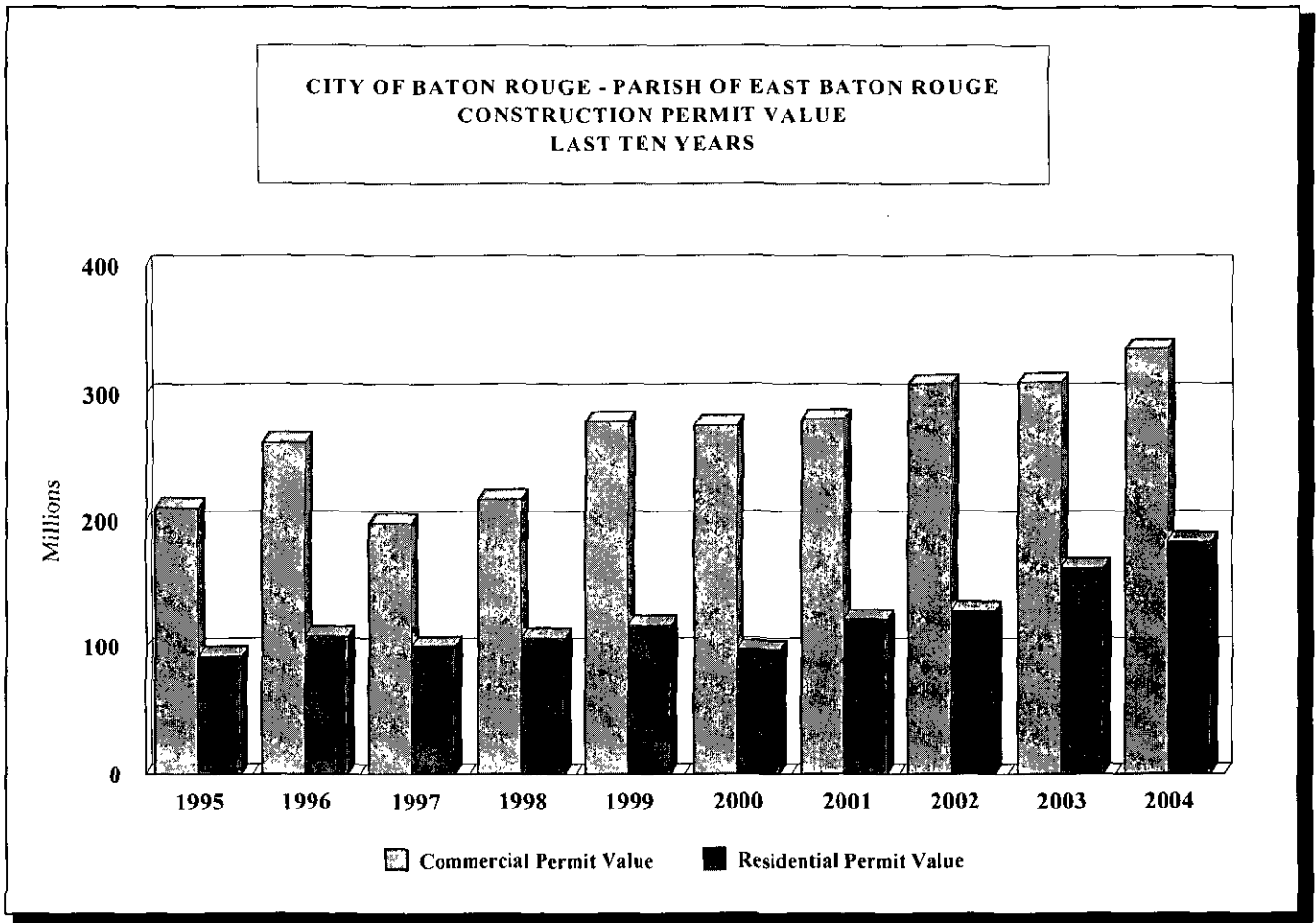
All Information is Parishwide unless otherwise noted.

- (1) Source: Department of Public Works - Inspection Division
- (2) Previous to 1998 some banks only released state-wide deposit amounts.
- (3) Source: Louisiana State Office of Financial Institutions

Continued

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
CONSTRUCTION AND BANK DEPOSITS  
LAST TEN YEARS

EXHIBIT J - 16  
(Continued)



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
MISCELLANEOUS STATISTICS  
DECEMBER 31, 2004**

EXHIBIT J - 17

Date of Incorporation (1)	July 6, 1817
Form of Government (2)	<i>Mayor - Council</i> City-Parish Consolidation
Area (3)	City     76.55 sq. miles Parish   472.10 sq. miles
Number of Street Lights (4)	34,725
Fire Protection (5) (City Only)	
Number of Stations	19
Number of Fire Fighters and Officers (exclusive of volunteer fire fighters)	580
Police Protection (6) (City Only)	
Number of Stations	4
Number of Police Officers	613
Education (Public Pre-K - 12 & Charter)* (7)	
Attendance Centers	92
Number of Teachers	3,473
Number of Students	46,675
Sewers* (4)	
Pumping Stations	443
Secondary Treatment Plants	3
Value of Building Permits Issued (4)	
2000	\$ 381,308,186
2002	\$ 441,693,034
2003	\$ 480,600,388
2004	\$ 527,148,562
Recreation and Culture* (8)	
Number of Libraries	13
Number of Volumes	1,750,475
Employees* (9) (Primary Government)	
Classified	4,500
Unclassified	104
Elected	25

\*Parishwide

- (1) Foundation for Historical Louisiana, *The Baton Rouge Story: An Historical Sketch of Louisiana's Capital City, c. 1967.*
- (2) "The Plan of Government" of the Parish of East Baton Rouge and the City of Baton Rouge
- (3) Planning Commission
- (4) Department of Public Works
- (5) Fire Department
- (6) *Police Department*
- (7) East Baton Rouge Parish School Board. This is the official count on which state funding is based.
- (8) East Baton Rouge Parish Library
- (9) Human Resources

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
MISCELLANEOUS STATISTICS  
DECEMBER 31, 2004**

EXHIBIT J - 17  
(Continued)

<u>Population (1)</u>	<u>City</u>	<u>Parish</u>
1990	219,531	380,105
1991	221,208	383,983
1992	223,622	390,763
1993	226,647	393,923
1994	228,101	396,364
1995	230,460	398,661
1996	231,219	399,992
1997	231,276	396,331
1998	232,637	396,556
1999	234,226	399,105
2000	227,818	412,852
2001	227,818	414,040
2002	229,132	414,833
2003	229,667	416,881
2004	229,568	416,492

(1) Source: Estimates - Planning Commission

**Ten Largest Employers by Industry (2)**

**Company Name**

Hospital	Our Lady of the Lake Regional Medical Center
Telemarketing	West Telemarketing, SVC
Petroleum Products Plastic Products	Exxon Mobil Refining & Supply
University	Southern University
Chemical Products	Exxon Mobil Chemical, Co
Hospital	Baton Rouge General Medical Center
Government	Recreation & Park Commission
Contractor	Performance Contractors, Inc
University	LA University School of Medicine
Medical Center	US Veterans Medical Center

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



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**CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE**

**REPORTS ON COMPLIANCE AND INTERNAL CONTROL**

**DECEMBER 31, 2004**

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**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
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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**

The Honorable Mayor-President  
and Members of the Metropolitan Council  
City of Baton Rouge and Parish of East Baton Rouge:

We have audited the financial statements of the City of Baton Rouge and Parish of East Baton Rouge (the City-Parish) as of and for the year ended December 31, 2004, and have issued our report thereon dated May 27, 2005, which includes a reference to the report of other auditors and explanatory paragraphs regarding continued implementation of Governmental Accounting Standards Board Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and a change in application of accounting principles under Governmental Accounting Standards Board Statement No. 27 - *Accounting for Pensions by State and Local Governmental Employers*. 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 City-Parish'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 an opinion 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 that we have reported to management of the City-Parish in a separate letter dated May 27, 2005.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements of the City-Parish are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 instance of immaterial noncompliance which we have reported to management of the City-Parish in a separate letter dated May 27, 2005.

This report is intended solely for the information and use of the Metropolitan Council, the City-Parish 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.

*Postlethwaite ; Netterville*

Baton Rouge, Louisiana  
May 27, 2005



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

The Honorable Mayor-President  
And Members of the Metropolitan Council  
City of Baton Rouge and Parish of East Baton Rouge:

Compliance

We have audited the compliance of the City of Baton Rouge and Parish of East Baton Rouge (the City-Parish) 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 December 31, 2004. The City-Parish'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 each of its major federal programs is the responsibility of the City Parish's management. Our responsibility is to express an opinion on the City-Parish's compliance based on our audit.

The City-Parish's basic financial statements include the operations of the District Attorney of the Nineteenth Judicial District (the District Attorney), the Capital Area Transit System (the System), and the Capital Region Planning Commission (the Commission), all presented as component units. These entities expended \$791,235, \$4,818,149 and \$778,025 of federal grant funding during the year ended December 31, 2004, respectively, that does not appear in the accompanying schedule of expenditures of federal awards for the year ended December 31, 2004. Our audit of compliance, described below, did not include the programs of the District Attorney, the System and the Commission, as those entities were audited under separate engagements.

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 City Parish'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 City-Parish's compliance with those requirements.

In our opinion, the City-Parish 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 December 31, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2004-1 and 2004-2.

### Internal Control Over Compliance

The management of the City-Parish 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 City-Parish'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.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 2004-1.

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 noncompliance with the 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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the City-Parish as of and for the year ended December 31, 2004, and have issued our report thereon dated May 27, 2005, which includes a reference to the report of other auditors. 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 for the year ended December 31, 2004 as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* is presented for the purpose of additional analysis 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 Metropolitan Council, the City-Parish 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.

*Postlethwaite & Nettelle*

Baton Rouge, Louisiana  
May 27, 2005

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SUMMARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>FEDERAL EXPENDITURES</u>	<u>LOCAL EXPENDITURES</u>	<u>TOTAL</u>
<b><u>FEDERAL AGENCY - SCHEDULE A</u></b>			
U.S. Department of Housing and Urban Development	\$ 14,520,976	\$ 219,024	\$ 14,740,000
U.S. Department of Health and Human Services	9,819,853	3,613	9,823,466
Department of Homeland Security	1,184,944	64,241	1,249,185
Federal Emergency Management Agency	19,297	--	19,297
U.S. Department of Transportation - FTA	89,265	15,085	104,350
U.S. Department of Transportation - FHWA	1,762,376	219,578	1,981,954
U.S. Department of Transportation - National Highway Traffic Safety Administration	59,894	--	59,894
U.S. Department of Energy	187,118	--	187,118
U.S. Department of Agriculture	2,210,593	51,154	2,261,747
U.S. Department of Education - Rehabilitation Service Administration	93,769	--	93,769
U.S. Department of Labor	4,896,304	--	4,896,304
U. S. Department of Justice	1,498,540	111,124	1,609,664
U. S. Environmental Protection Agency	244,203	--	244,203
U. S. Department of the Interior	6,233	--	6,233
Federal Highway Administration & Private Donations	226	--	226
Office of National Drug Control Policy	6,624	--	6,624
National Endowment for the Humanities	2,153	--	2,153
<b>TOTAL FEDERAL AGENCY - SCHEDULE A</b>	<b>\$ 36,602,368</b>	<b>\$ 683,819</b>	<b>\$ 37,286,187</b>
<b><u>FEDERAL AGENCY - SCHEDULE B</u></b>			
U.S. Department of Transportation - FAA	\$ 19,286,352	\$ --	\$ 19,286,352
Department of Homeland Security	97,011	--	97,011
U.S. Department of Health and Human Services	526,861	1,265,555	1,792,416
U. S. Environmental Protection Agency	508,606	336,761	845,367
<b>TOTAL FEDERAL AGENCY - SCHEDULE B</b>	<b>\$ 20,418,830</b>	<b>\$ 1,602,316</b>	<b>\$ 22,021,146</b>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>FEDERAL GRANTS</u></b>						
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>						
121004						
<u>Direct Programs:</u>						
<u>Community Development:</u>						
Block Grant - 1994	182..431602	14.218	B-94-MC-22-0002	\$ 46,519	\$ 4,266	\$ 50,785
Block Grant - 1995	182..431602	14.218	B-95-MC-22-0002	34,695	10,233	44,928
Block Grant - 1996	182..431602	14.218	B-96-MC-22-0002	49,248	6,270	55,518
Block Grant - 1997	182..431602	14.218	B-97-MC-22-0002	5,136	4,122	9,258
Block Grant - 1998	182..431602	14.218	B-98-MC-22-0002	352,384	--	352,384
Block Grant - 1999	182..431602	14.218	B-99-MC-22-0002	594,479	14,738	609,217
Block Grant - 2000	182..431602	14.218	B-00-MC-22-0002	360,221	32,367	392,588
Block Grant - 2001	182..431602	14.218	B-01-MC-22-0002	365,764	18,750	384,514
Block Grant - 2002	182..431602	14.218	B-02-MC-22-0002	976,667	35,000	1,011,667
Block Grant - 2003	182..431602	14.218	B-03-MC-22-0002	3,075,924	6,148	3,082,072
Block Grant - 2004	182..431602	14.218	B-04-MC-22-0002	758,370	1,796	760,166
SUBTOTAL CFDA NUMBER 14.218				6,619,407	133,690	6,753,097
Home Grant - 1992	183..431602	14.239	M-92-MC-22-0204	--	85,334	85,334
Home Grant - 1994	183..431602	14.239	M-94-MC-22-0204	(578)	--	(578)
Home Grant - 1998	183..431602	14.239	M-98-MC-02-0204	289,179	--	289,179
Home Grant - 1999	183..431602	14.239	M-99-MC-02-0204	231,206	--	231,206
Home Grant - 2000	183..431602	14.239	M-00-MC-02-0204	359,868	--	359,868
Home Grant - 2001	183..431602	14.239	M-01-MC-02-0204	150,461	--	150,461
Home Grant - 2002	183..431602	14.239	M-02-MC-02-0204	798,676	--	798,676
Home Grant - 2003	183..431602	14.239	M-03-MC-02-0204	1,180,455	--	1,180,455
Home Grant - 2004	183..431602	14.239	M-04-MC-02-0204	3,000	--	3,000
SUBTOTAL CFDA NUMBER 14.239				3,012,267	85,334	3,097,601
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B97-01	71,276	--	71,276
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B90-40	163,844	--	163,844
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B00-40	298,231	--	298,231
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B10-40	674,602	--	674,602
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B20-40	399,179	--	399,179
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B30-40	115,532	--	115,532
SUBTOTAL CFDA NUMBER 14.235				1,722,664	--	1,722,664
HOPWA Grant - 2001	185..431602	14.241	B01MC220002	97,634	--	97,634
HOPWA Grant - 2002	185..431602	14.241	LAH02F002	291,116	--	291,116
HOPWA Grant - 2003	185..431602	14.241	LAH03F002	1,003,383	--	1,003,383
SUBTOTAL CFDA NUMBER 14.241				1,392,133	--	1,392,133

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED):</u></b>						
Emergency Shelter 2002-04	182..431602	14.231	S-02-MC-22-0002	\$ 77,427	\$ --	\$ 77,427
Emergency Shelter 2003-05	182..431602	14.231	S-03-MC-22-0002	125,368	--	125,368
Emergency Shelter 2004-06	182..431602	14.231	S-04-MC-22-0002	11,000	--	11,000
<u>Passed through Louisiana</u>						
<u>Department of Social Services</u>						
	121109					
Emergency Shelter	170..432602	14.231	02/04	66,340	--	66,340
Emergency Shelter	170..432602	14.231	03/05	105,765	--	105,765
<u>Passed through Louisiana Department of Urban and Community Affairs</u>						
Emergency Shelter	170..432603	14.231	1988	719	--	719
SUBTOTAL CFDA NUMBER 14.231				386,619	--	386,619
<u>121004</u>						
Sharlo Terrace - 1999	170..431602	14.156	LA-48-0046-009	1,619	--	1,619
Sharlo Terrace - 2000	170..431602	14.156	LA-48-0046-009	210	--	210
Sharlo Terrace - 2003	170..431602	14.156	LA-48-0046-009	4,004	--	4,004
Sharlo Terrace - 2004	170..431602	14.156	LA-48-0046-009	338,518	--	338,518
Moderate Housing Assistance IV - 2003	170..431602	14.156	LA-48-K219-004	8,248	--	8,248
Moderate Housing Assistance IV - 2004	170..431602	14.156	LA-48-K219-004	118,085	--	118,085
Section 8 Vouchers Program - 2003	170..431602	14.156	LA-219-CEO-001-008	15,645	--	15,645
Section 8 Vouchers Program - 2004	170..431602	14.156	LA-219-CEO-001-008	861,347	--	861,347
SUBTOTAL CFDA NUMBER 14.156				1,347,676	--	1,347,676
Parking Structure Feasibility Study	170..431602	14.276	B-01-SP-LA-0224	40,210	--	40,210
Total U.S. Department of Housing and Urban Development				14,520,976	219,024	14,740,000
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
	121006					
Metropolitan Medical Response System	170..431601	93.010051	233-01-0051	204,401	--	204,401
Headstart - 2003	160..431601	93.600	06CH006526	6,185	--	6,185
Headstart - 2004	160..431601	93.600	06CH006527	8,412,048	3,613	8,415,661
SUBTOTAL CFDA NUMBER 93.600				8,418,233	3,613	8,421,846
Medical Reserve Corps Grant	170..431601	93.008	US2SG03084-01-0	45,726	--	45,726
EBRP Jail Diversion Program	170..431601	93.243	IU79SM55091-01	84,483	--	84,483
<u>Passed through Louisiana</u>						
<u>Housing Finance Agency</u>						
	121119					
Low Income Housing Energy Assistance	160..432401	93.568	2002	3,000	--	3,000
Low Income Housing Energy Assistance	160..432401	93.568	12/03-6/06	22,419	--	22,419
Low Income Housing Energy Assistance	160..432401	93.568	02/03	8,858	--	8,858
SUBTOTAL CFDA NUMBER 93.568				34,277	--	34,277

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED):</b>						
<u>Passed through Louisiana Department of Employment and Training</u>						
Community Services Block Grant:	121118					
BRACA	160..432604	93.569	CSBG-FY-03P0019	\$ 289,563	\$ --	\$ 289,563
BRACA	160..432604	93.569	CSBG-FY-04P0019	726,297	--	726,297
CSBG-State Discretionary	160..432604	93.569	CSBG-FY-92P0019	15	--	15
SUBTOTAL CFDA NUMBER 93.569				<u>1,015,875</u>	<u>--</u>	<u>1,015,875</u>
<u>Passed through Louisiana Department of Military Affairs</u>						
Regional Bioterrorism & Emergency Response Planning Grant	170..432103	93.283		16,858	--	16,858
Total U.S. Department of Health and Human Services				<u>9,819,853</u>	<u>3,613</u>	<u>9,823,466</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>						
<u>Direct Programs:</u>						
Assistance to Fire Fighters-Pride	128..431102	97.044	EMW-2002-FG-06616	(48)	--	(48)
Assistance to Fire Fighters-Alsen	129..431102	97.044	EMW-2002-FG-06248	50	5	55
Assistance to Fire Fighters-BRFD	170..431102	97.044	EMW-2003-FG-08497	149,884	64,236	214,120
Assistance to Fire Fighters-Chaneyville	127..431102	97.044	EMW-2003-FG-11699	16,926	--	16,926
SUBTOTAL CFDA NUMBER 97.044				<u>166,812</u>	<u>64,241</u>	<u>231,053</u>
<u>Passed through Louisiana Department of Military Affairs</u>						
Acq/Elev. Flood Mitigation Assistance	170..432103	97.039		73	--	73
E.B.R. Flood Property Acquisition	170..432103	97.039		(15,720)	--	(15,720)
Acquisition/Elev. of Rep. Loss Structures	170..432103	97.039		10,213	--	10,213
HMGP-Hurricane Lili-Tropical Storm Isidore	170..432103	97.039		14,254	--	14,254
SUBTOTAL CFDA NUMBER 97.039				<u>8,820</u>	<u>--</u>	<u>8,820</u>
EMPG-Enhanced Hazmat Grant	170..432103	97.042		4,026	--	4,026
Urban Areas Security Initiative Grant	170..432103	97.008		119,841	--	119,841
CERT Grant Program	170..432103	97.053		2,885	--	2,885
CERT Grant Program	170..432103	97.053		8,599	--	8,599
Citizen Corps Council Grant (CERT)	170..432103	97.053		80	--	80
Citizen Corps Council Grant (CERT)	170..432103	97.053		3,669	--	3,669
SUBTOTAL CFDA NUMBER 97.053				<u>15,233</u>	<u>--</u>	<u>15,233</u>
Supplemental Planning Grant	170..432103	83.562		3,696	--	3,696
Emergency Preparedness Reg. Planning	170..432103	83.562		95,734	--	95,734
SUBTOTAL CFDA NUMBER 83.562				<u>99,430</u>	<u>--</u>	<u>99,430</u>

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>DEPARTMENT OF HOMELAND SECURITY (CONTINUED):</u></b>						
<u>Passed through Louisiana</u>						
<u>Department of Public Safety</u>						
	121127					
Local Domestic Preparedness Equipment	170..432104	97.004		\$ 559,558	\$ --	\$ 559,558
Urban Search and Rescue Funding	170..432104	97.004		27,675	--	27,675
				<u>587,233</u>	<u>--</u>	<u>587,233</u>
SUBTOTAL CFDA NUMBER 97.004						
<u>Passed through Louisiana</u>						
<u>Commission on Law Enforcement</u>						
	121116					
Law Enforcement Terrorism Prevention	170..432102	97.074	X04-5011	183,549	--	183,549
				<u>1,184,944</u>	<u>64,241</u>	<u>1,249,185</u>
Total Department of Homeland Security						
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>						
<u>Passed through United Way of America</u>						
	121423					
Emergency Shelter (FEMA)	160..434602	83.523	LRO 001	19,297	--	19,297
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>						
<u>Direct Programs:</u>						
<u>Federal Transit Administration:</u>						
	121003					
Capital Assistance - 1988	170..431202	20.507	LA-90-0079	16,678	4,168	20,846
Capital Assistance - 1997	170..431202	20.507	LA-90-0183	52,351	5,858	58,209
Capital Assistance - 1999	170..431202	20.507	LA-90-0208	20,236	5,059	25,295
				<u>89,265</u>	<u>15,085</u>	<u>104,350</u>
Total U.S. Department of Transportation- FTA						
<b><u>U.S. DEPARTMENT OF TRANSPORTATION - FHWA</u></b>						
<u>Passed through Louisiana Department of Transportation and Development - Office of Highways</u>						
	121101					
Millerville Rd - I-12 & Harrell's Ferry	341..432200	20.205	700-17-71	(12,753)	(4,251)	(17,004)
Millerville Rd - I-12 & Old Hammond	341..432200	20.205	700-19-44	61,601	15,400	77,001
McHugh Road - Baker	341..432200	20.205	742-05-78	(42)	(14)	(56)
Tigerbend Road	337..432200	20.205	742-06-0071	79,132	19,783	98,915
Groom Road	341..432200	20.205	700-30-0245	21,523	5,381	26,904
Bluebonnet @ Perkins	341..432200	20.205	700-17-0126	--	13,417	13,417
Street Name Sign Program - Local Streets	170..432200	20.205	700-17-0117	34,788	--	34,788
Street Name Sign Program - State Routes	170..432200	20.205	700-17-0116	52,183	--	52,183
Signal Replacement Florida/Perkins/Airline	341..432200	20.205	742-17-0114	125,513	--	125,513
Signal Synchronization System-Phase IV	341..432200	20.205	700-17-0172	325,345	--	325,345
Aster-Chimes Drainage Improvements	341..432200	20.205	576-17-0008	--	4,144	4,144
Jones Creek Rd (Tiger Bend to Coursey)	341..432200	20.205	742-17-0131	53,140	13,285	66,425
Nicholson Dr@Brightside Lane/West Lee	341..432200	20.205	742-17-0130	25,825	6,456	32,281
North Sherwood Forest Blvd. Improve	341..432200	20.205	700-26-0078	2,474	619	3,093
Millerville Road Improvements	341..432200	20.205	742-17-0136	415,739	103,935	519,674
Jefferson Hwy @ Barringer Foreman Road	341..432200	20.205	742-17-0138	31,499	7,875	39,374
I-10/I-12 Planter Enhancement	341..432200	20.205	744-17-0027	4,649	--	4,649
River Rd. Levee Bike Path	341..432200	20.205	744-17-0021	541,760	33,548	575,308
				<u>1,762,376</u>	<u>219,578</u>	<u>1,981,954</u>
Total U.S. Department of Transportation - FHWA						

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION- NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u></b>						
<u>Passed through Louisiana</u>						
<u>Department of Transportation and Development</u>						
<u>Passed through Capital Region Planning Commission</u>						
Transportation Planning 2003-04	121425 170..434101	20.505	PL-736-17-0335	\$ 45,699	\$ --	\$ 45,699
CRPC - Technical Assistance	170..434101	20.505		10,000	--	10,000
SUBTOTAL CFDA NUMBER 20.505				55,699	--	55,699
<u>Passed through Louisiana</u>						
<u>Department of Military Affairs</u>						
HMEP Grant Program	121126 170..432103	20.703		4,195	--	4,195
Total U.S. Department of Transportation National Highway Traffic Safety Administration				59,894	--	59,894
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>						
<u>Passed through Louisiana</u>						
<u>Housing Finance Agency</u>						
Weatherization Assistance Program	121119 170..432401	81.042	2003	101,409	--	101,409
Weatherization Assistance Program	170..432401	81.042	2004	85,709	--	85,709
Total U.S. Department of Energy				187,118	--	187,118
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<u>Passed through Louisiana</u>						
<u>Department of Social Services</u>						
LAJET	121109 170..432602	10.561	01/02	(45)	--	(45)
LAJET	170..432602	10.561	02/03	(740)	--	(740)
LAJET	170..432602	10.561	03/04	192,169	--	192,169
LAJET	170..432602	10.561	04/05	70,471	--	70,471
SUBTOTAL CFDA NUMBER 10.561				261,855	--	261,855
<u>Passed through Louisiana</u>						
<u>Department of Education</u>						
National School Lunch Program	121110 001..432106	10.555	04	40,069	--	40,069
School Breakfast Program		10.553	04	15,037	--	15,037
Headstart Food 2004-05	160..432607	10.558	03/04	542,865	--	542,865
Headstart Food 2003-04	160..432607	10.558	04/05	267,504	--	267,504
SUBTOTAL CFDA NUMBER 10.558				810,369	--	810,369
Summer Food	170..432607	10.559	04	929,802	--	929,802

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE (CONTINUED):</u></b>						
<b><u>Passed through Natural Resources</u></b>						
<b><u>Conservation Service</u></b>						
	121020					
Comite @ P.P.H. Rd. Slope/Embankment	170..431603	10.916	02-DR-CI-0057	\$ 153,461	\$ 51,154	\$ 204,615
Total U.S. Department of Agriculture				2,210,593	51,154	2,261,747
<b><u>U.S. DEPARTMENT OF EDUCATION - REHABILITATION SERVICE ADMINISTRATION</u></b>						
<b><u>Passed through Louisiana</u></b>						
<b><u>Office of State Libraries</u></b>						
	121121					
State Aid to Public Libraries	170..432501	84.034	01/02	2,325	--	2,325
State Aid to Public Libraries	170..432501	84.034	02/03	91,444	--	91,444
Total U.S. Department of Education - Rehabilitation Service Administration				93,769	--	93,769
<b><u>U.S. DEPARTMENT OF LABOR</u></b>						
<b><u>Passed through Louisiana</u></b>						
<b><u>Department of Labor</u></b>						
	121118					
WIA- Administration	161..432604	NA	FY2003	228,636	--	228,636
WIA- Administration	161..432604	NA	PY2003	203,818	--	203,818
WIA- Administration	161..432604	NA	FY2004	39,422	--	39,422
SUBTOTAL CFDA NUMBER NA				471,876	--	471,876
WIA-Adult Program	161..432604	17.258	PY2003	171,000	--	171,000
WIA-Adult Program	161..432604	17.258	FY2004	666,657	--	666,657
WIA-Adult Program	161..432604	17.258	PY2004	240,326	--	240,326
WIA-Adult Program	161..432604	17.258	FY2005	191,477	--	191,477
WIA-Adult Program-Transfer	161..432604	17.258	FY2003	264,620	--	264,620
SUBTOTAL CFDA NUMBER 17.258				1,534,080	--	1,534,080
WIA-Youth Program	161..432604	17.259	PY2002	351,868	--	351,868
WIA-Youth Program	161..432604	17.259	PY2003	1,321,395	--	1,321,395
WIA-Youth Program	161..432604	17.259	PY2004	138,852	--	138,852
SUBTOTAL CFDA NUMBER 17.259				1,812,115	--	1,812,115
WIA-Dislocated Workers	161..432604	17.260	FY2003	589,260	--	589,260
WIA-Dislocated Workers	161..432604	17.260	PY2003	87,235	--	87,235
WIA-Dislocated Workers	161..432604	17.260	FY2004	351,100	--	351,100
SUBTOTAL CFDA NUMBER 17.260				1,027,595	--	1,027,595
TANF/STEP Grant	161..432604	93.558	PY2004	50,638	--	50,638
Total U.S. Department of Labor				4,896,304	--	4,896,304

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>						
<b><u>Direct Programs:</u></b>						
	121005					
Local Law Enforcement Block Grant	166.431103	16.592	2002-LB-BX-2799	\$ 155,659	\$ 18,041	\$ 173,700
Local Law Enforcement Block Grant	167.431103	16.592	2003-LB-BX-1644	225,013	26,121	251,134
SUBTOTAL CFDA NUMBER 16.592				380,672	44,162	424,834
Drug-Free Communities Program	170.431103	16.729	2001-JN-FX-0031	48,008	--	48,008
Drug-Free Communities Program	170.431103	16.729	2001-JN-FX-0031	84,166	--	84,166
Drug-Free Communities Program	170.431103	16.729	2001-JN-FX-0031	9,836	--	9,836
SUBTOTAL CFDA NUMBER 16.729				142,010	--	142,010
Nunn-Lugar-Domenici Domestic Preparedness	170.431103	16.006	2002-TE-CX-0040	21,596	--	21,596
City Constable Domestic Violence Grant	170.431103	16.588	2003-WE-BX-0081	112,200	--	112,200
Project Sentry	170.431103	16.609	2003-SE-CX-0008	95,940	--	95,940
Community Prosecution & Safe Neighborhood	170.431103	16.609	2003-GP-CX-0137	93,292	--	93,292
Project Safe Neighborhoods	170.431103	16.609		49,526	--	49,526
Project Safe Neighborhoods Comm. Outreach	170.431103	16.609		125,608	--	125,608
SUBTOTAL CFDA NUMBER 16.609				364,366	--	364,366
<b><u>Passed through Louisiana Commission on Law Enforcement:</u></b>						
	121116					
Drug Abuse Resistance Education	170.432102	16.579	E04-5-004	40,108	--	40,108
Drug Abuse Resistance Education	170.432102	16.579	E05-5-003	27,486	--	27,486
Police Electronic Equipment Enhancement	170.432102	16.579	P04-5-021	829	--	829
Integrated Criminal Apprehension (ICAP)	170.432102	16.579	B03-5-011	107,080	35,693	142,773
Constable DARE Grant	170.432102	16.579	E04-5-003	10,039	--	10,039
Constable DARE Grant	170.432102	16.579	E05-5-002	9,902	--	9,902
City Constable Electronic Equipment	170.432102	16.579	P04-5-023	829	--	829
SUBTOTAL CFDA NUMBER 16.579				196,273	35,693	231,966
Juvenile Accountability Block Grant	170.432102	16.523	A02-8-019	218,889	24,321	243,210
Juvenile Accountability Block Grant	170.432102	16.523	A03-8-019	62,534	6,948	69,482
SUBTOTAL CFDA NUMBER 16.523				281,423	31,269	312,692
Total U.S. Department of Justice				1,498,540	111,124	1,609,664
<b><u>U. S. ENVIRONMENTAL PROTECTION AGENCY (EPA)</u></b>						
<b><u>Direct Programs:</u></b>						
	121011					
EPA Brownsfields Assessment Grant	170.431605	66.818	2003/2005	193,931	--	193,931
EPA Brownsfields Pilot Program Grant	170.431605	66.811	BP-98661401-0	50,272	--	50,272
Total U. S. Environmental Protection Agency				244,203	--	244,203

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>U.S. DEPARTMENT OF THE INTERIOR</u></b>						
National Spatial Data Infrastructure Program	121013 170..431301	15.809	03HQAG0157	\$ 6,233	--	\$ 6,233
<b><u>FEDERAL HIGHWAY ADMINISTRATION &amp; PRIVATE DONATIONS</u></b>						
High Intensity Drug Trafficking Area	121015 170..431203	NA	PO0220023-FY02	226	--	226
<b><u>OFFICE OF NATIONAL DRUG CONTROL POLICY</u></b>						
High Intensity Drug Trafficking Area	121023 170..431104	NA	IOPGCP509	6,624	--	6,624
<b><u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u></b>						
<u>Passed through LA Endowment for the Humanities</u>						
Public Humanities Program	121113 170..432502	45.129	2003/2005	2,153	--	2,153
<b>TOTAL FEDERAL GRANTS - SCHEDULE A</b>				<b>\$ 36,602,368</b>	<b>\$ 683,819</b>	<b>\$ 37,286,187</b>

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
BUSINESS-TYPE ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE B

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>FEDERAL GRANTS</u></b>						
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>						
<b><u>Direct Programs:</u></b>						
<b><u>Federal Aviation Administration:</u></b>						
	482..121007					
Soundproof Sixty Residences	482..431219	20.106	3-22-0006-42	\$ 71,918	\$ --	\$ 71,918
Construct Access Road Phase I		20.106	3-22-0006-44	209,286	--	209,286
Rehabilitate Portion of South G. A. Apron		20.106	3-22-0006-47	96,633	--	96,633
Soundproof 65-69 DNL Noise		20.106	3-22-0006-51	(2,083)	--	(2,083)
Acquire ILEAV Equipment		20.106	3-22-0006-53	3,868	--	3,868
Rehabilitate Runway 4L-22R, Phase I		20.106	3-22-0006-54	119,615	--	119,615
Residences & Easements within 65-69 DNL		20.106	3-22-0006-56	4,289,311	--	4,289,311
Rehabilitate Runway 4L-22R, Phase II		20.106	3-22-0006-57	914,385	--	914,385
Update Master Plan		20.106	3-22-0006-58	2,773	--	2,773
Construct Service Road - Phase II		20.106	3-22-0006-59	1,164,531	--	1,164,531
Construct Service Road - Phase III		20.106	3-22-0006-60	224,509	--	224,509
Soundproof Residences Within 65-70 DNL		20.106	3-22-0006-61	2,162,462	--	2,162,462
Rehabilitate Runway 4L-22R Phase III		20.106	3-22-0006-62	7,709,423	--	7,709,423
Improve of Runway 4L Safety Area		20.106	3-22-0006-63	235,277	--	235,277
Environmental Assessment & Benefit Cost Analysis		20.106	3-22-0006-64	726,344	--	726,344
Aircraft Apron Drainage & Runway 4L-Phase II		20.106	3-22-0006-65	923,160	--	923,160
Noise Mitigation & Acquire Easements within 65DNL		20.106	3-22-0006-66	434,940	--	434,940
				<u>19,286,352</u>	<u>--</u>	<u>19,286,352</u>
Total U.S. Department of Transportation - FAA				<u>19,286,352</u>	<u>--</u>	<u>19,286,352</u>
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>						
<b><u>Passed through Louisiana</u></b>						
<b><u>Department of Military Affairs</u></b>						
	121126					
Emergency Management Performance						
Grant -2004	001..432103	97.042		97,011	--	97,011
				<u>97,011</u>	<u>--</u>	<u>97,011</u>
Total Department of Homeland Security				<u>97,011</u>	<u>--</u>	<u>97,011</u>
<b><u>U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
<b><u>Passed through Louisiana</u></b>						
<b><u>Office of Youth Development</u></b>						
	121127					
Juvenile Services - Title IV-E	171..432104	93.658		526,861	1,265,555	1,792,416
				<u>526,861</u>	<u>1,265,555</u>	<u>1,792,416</u>
Total U.S. Department of Health and Human Services				<u>526,861</u>	<u>1,265,555</u>	<u>1,792,416</u>

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
BUSINESS-TYPE ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE B  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>U. S. ENVIRONMENTAL PROTECTION AGENCY (EPA)</u></b>						
<b><u>Direct Programs:</u></b>						
Wastewater Systems Improvements	449.431605	66.606	XP986109-01-0	\$ 1,392	\$ 1,139	\$ 2,531
Wastewater Systems Improvements	449.431605	66.606	XP98635001-0	114,043	93,308	207,351
Wastewater Systems Improvements	449.431605	66.606	XP986109-01-0	1,787	1,464	3,251
Wastewater Systems Improvements	449.431605	66.606	XP986109-01-0	294,372	240,850	535,222
SUBTOTAL CFDA NUMBER 66.606				411,594	336,761	748,355
 <u>Passed through Louisiana</u>						
<u>Department of Environmental Quality</u>						
<u>Capitalization Grants for Clean Water</u>						
State Revolving Funds	438..xxxxxxx	66.458		97,012	--	97,012
Total U. S. Environmental Protection Agency				508,606	336,761	845,367
 <b>TOTAL FEDERAL GRANTS - SCHEDULE B</b>				<b>\$ 20,418,830</b>	<b>\$ 1,602,316</b>	<b>\$ 22,021,146</b>

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For The Year Ended December 31, 2004**

**Note A – General**

The City-Parish Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the primary government of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, (the city-Parish). All federal financial assistance received directly from federal agencies is included on the schedule, as well as federal financial assistance passed-through other government agencies.

**Note B – Basis of Accounting**

The City-Parish Schedule of Expenditures of Federal Awards is presented using the modified or full accrual basis of accounting, which is described in Note 1 to the City-Parish's financial statements for the year ended December 31, 2004. Schedule A details federal awards recorded in governmental fund types wherein revenues are recognized to the extent of expenditures (modified accrual). Schedule B details federal awards for proprietary fund types where government subsidies or contributions are recorded (full accrual accounting).

**Note C – Relationship to Federal Financial Reports**

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

**Note D – Subrecipients**

The City-Parish provided federal awards to subrecipients as follows:

<u>Program: Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Workforce Investment Act Youth Program	17.259	\$ 1,812,115
Supportive Housing Program	14.235	\$ 1,722,664
Federal Transit Administration Capital Assistance	20.507	<u>\$ 89,265</u>
Total		<u>\$ 3,624,044</u>

**CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2004**

**A. Summary of Auditors' Results**

*Financial Statements*

Type of auditors' 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?   x   yes    \_\_\_\_\_ none reported

Type of auditors' 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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.235	Supportive Housing Program
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers
93.600	Head Start

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$1,710,635.
- The City of Baton Rouge and Parish of East Baton Rouge did qualify as a low-risk auditee.

**CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2004**

**B. Findings – Single Audit**

2004-1) **14.235 Supportive Housing Program**

**Department of Housing and Urban Development**

Grant No.'s LA 48-B97-01  
LA 48-B90-40  
LA 48-B00-40  
LA 48-B10-40  
LA 48-B20-40  
LA 48-B30-40

**Monitoring Sub-recipients**

**Questioned costs: undetermined**

**Criteria:** OMB Circular A-133 indicates that a pass-through entity is responsible for during-the-award monitoring and for ensuring that required audit reports are obtained and reviewing the results of those audits.

**Condition:** Certain aspects of the program administration's monitoring process could benefit from enhancement. While the administration's process for reviewing sub-recipient requests for reimbursement generally allows for a level of assurance for allowable costs, certain other aspects of grant compliance can best be ensured through on-site monitoring visits and from reviewing Single Audit reports. We noted the following deficiencies with regard to the Program's monitoring program:

- Monitoring visits, while sometimes conducted, were infrequent (3 out of 13 were conducted) and were not performed according to a pre-set schedule.
- Out of 13 subrecipients, only 4 audits were current.
- For one larger sub-recipient, Options Villa, the sub-recipient's reimbursement requests were not accompanied by supporting invoices, as is the procedure for all other sub-recipients.

**Effect:** A pass-through entity must execute its monitoring responsibilities to help ensure program compliance by the subrecipient. Failure to carry out all appropriate aspects of a monitoring program presents a risk that non-compliance could exist at the subrecipient level without timely detection by the pass-through entity.

**CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2004**

2004-1) (continued)

**Recommendations:** The administration should develop a plan for conducting site visits based upon a risk-based criteria that decides priority and frequency. Based upon this selection process, the date and time of those visits should be agreed to by the subrecipient scheduled. For those subrecipients that are not required to submit supporting documentation of charges with reimbursement requests, sample testing of costs should be conducted upon the site visit.

We recommend that required audits be obtained on a timely basis. Corrective action plans should be obtained and monitored. Furthermore, we suggest the involvement of an accountant or auditor experienced in governmental accounting and auditing to review the submitted audits for significant findings and compliance with OMB Circular A-133.

*Management's Response:*

*SHP grants are for a three year period, and all subrecipients will be monitored at least once during the period. Monitoring is prioritized according to the following:*

1. *Subrecipients receiving a grant for the first time.*
2. *Subrecipient was monitored in a prior year and deficiencies were found..*
3. *Subrecipient is required to have a Single Audit.*

*Additionally, the U.S. Department of Housing and Urban Development conducts site visits; therefore, it is possible for a subrecipient to be monitored multiple times.*

			<u>Questioned Costs</u>
2004-2)	93.600	<u>Headstart (Department of Health and Human Services)</u>	06H006527 \$ 245,100
	14.218	<u>Community Development Block Grant (Department of Housing and Urban Development)</u>	B-04-MC-22002 104,380
	93.569	<u>Community Service Block Grant (Passed through Louisiana Department of Employment and Training)</u>	FY-04P0019 32,490
	17.258-260	<u>WIA Cluster, (Passed through Louisiana Department of Labor)</u>	FY2004 <u>73,390</u>
			<u>\$ 455,360</u>

**CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2004**

2004-2) (continued)

**Criteria:** OMB Circular A-87 (the Circular) sets forth specific criteria that must be met in order for costs to be charged to federal grants. With regard to post-employment health insurance benefits, the Circular indicates that such costs may be charged on a pay-as-you-go method or an acceptable actuarial cost method. The City uses the pay-as-you-go method.

When using the pay-as-you-go method, costs are limited to actual payments to retirees or their beneficiaries. Cost must be allocable to the program being charged.

**Condition:** The City uses the pay-as-you-go method, however, the post-employment health costs charged do not represent actual payments of benefits for retirees of those programs. Instead, the costs are charged using an allocation of total retiree benefit premiums based upon each fund/department's payroll in relation to the total. Such an allocation method may result in costs being charged which are not allocable to the programs and thus would not comply with the criteria of OMB Circular A-87.

**Effect:** The City may have charged unallowable costs to the federal programs.

**Recommendation:** Assuming the City continues to utilize the pay-as-you-go method, cost charged should be limited to those that are identifiable to retirees of those programs. The City may want to consider funding post employment health insurance under an accepted actuarial method.

*Management's  
Response:*

*The City-Parish allocates post-employment health care costs attributable to premiums only, based on a percentage of payrolls of all participating employers. All funds of the government are assessed for this cost, including grants. Premiums for post-employment health costs are real expenses and are an obligation created by our policy that provides health care benefits to retirees. Retirees are only eligible due to their long-term employment. Therefore, it is reasonable to allocate a charge for these costs to employers.*

*Determining the exact cost of health care for retirees is much more difficult than determining the cost of health care premiums for them. The City-Parish is in the process of engaging an actuary to determine the cost of post-employment health care for retirees. Governmental Accounting Standards Board Statements Number 43 and Number 45 will require that the City-Parish identify these costs and include them in financial statements in either 2006 or 2007, depending on the decision as to whether a formal plan will be established to account for this liability. Therefore, we will be capable of quantifying the present and future costs of retiree health care in the very near future. We believe*

**CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2004**

2004-2) (continued)

*that the actual cost will far exceed costs now being allocated to various funds.*

*Once a cost is determined, the question of how to allocate it to funds will arise. We are aware that other very large governments are assessing the cost of retiree health insurance premiums based on the number of full time equivalent positions. It appears that this method or an allocation as a percentage of payroll, as is currently done with our pension system, should be acceptable. These methods will assist in addressing the mobility of employees as they work for various entities during their careers.*

*In conclusion, we believe that our current method of allocating these costs is fair, especially recognizing that they will be determined to be a small percentage of the actual cost of providing retiree health care. Furthermore, any issues relative to these matters should be resolved in the very near future as we complete the actuarial study and begin to report these costs based on generally accepted accounting principles in compliance with new standards.*

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2003**

**17.258-60 Workforce Investment Act (WIA)**

2003-1) Allowable Costs

*Questioned Costs: \$206,001*

Criteria: The program pays tuition and other costs on behalf of eligible participants. The program contracts with various entities (schools) to provide training to those participants. The terms of the contracts provide tuition should be paid in two increments based upon progress of the participants in completing the course of study or training.

Condition(s): One of the contracted schools was paid tuition fees in excess of that which had been earned in accordance with the terms of the contract. The school billed the program for tuition fees of 35 students that did not attain the required level of course completion commensurate to these tuition fees. The students dropped out before the school earned the tuition. Questioned tuition costs of \$195,639.

In addition, the condition was noted at two other schools. Questioned tuition costs totaled \$10,362. For all institutions, questioned costs total \$206,001.

Effect: The program paid for services not provided.

Recommendation: While the program has initiated efforts to recover these overpaid tuition fees, we recommend that the program continue these efforts. The program is also enhancing its internal controls to better detect such over billings prior to payment. We recommend that the program proceed with these enhancements. In designing these enhancements, we recommend case manager involvement in the disbursement process to help ensure that tuition is paid only for active participants. Case managers' knowledge of participant status should be current within a two-month period.

*Management Response: The Administrative staff discovered the discrepancies in billing on the part of one of our vendors. They determined the magnitude of the overpayment and determined that it was \$195,639. Arrangements were made to recoup the overpayment, and to date, we have collected \$17,466.66, leaving a balance of \$178,172.34. The Louisiana Department of Labor and the U.S. Department of Labor approved the method we are using to recoup the money. We have initiated procedures to detect and eliminate overpayments in the future. We are requiring proper documentation to show that what we are paying for has been earned.*

*The Finance Department deferred the recognition of grant revenues in the amount of \$195,639 on the accompanying financial statements for the period ended December 31, 2003.*

*As to the questioned cost at the other institutions, we disagree with a portion of the finding. We question \$5,000. We are in the process of collecting the difference of \$5,362.*

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2003**

**17.258-60 Workforce Investment Act (WIA) (continued)**

**Updated Management  
Response:**

**We are continuing to recoup the overpayment. We have recouped \$48,091.65 and have an outstanding credit of \$151,797.35. Also, our office is working with Alfred Williams, Assistant Chief Administrative Officer, to develop a plan to expedite repayment or take legal action.**

**2003-2) Monitoring**

*Questioned Costs: Undetermined*

**Criteria:**

As part of its monitoring responsibilities with regard to subrecipients, a pass-through or awarding entity is responsible for, among other things, ensuring that required audits are performed, reviewing the results of those audits, and requiring the subrecipient/contractor to take prompt corrective action for any findings of non-compliance. Audits must be conducted in accordance with OMB Circular A-133 if total federal funding to the subrecipient is greater than a pre-established threshold (\$300,000 for 2003, \$500,000 beginning 2004).

**Condition:**

The administrative personnel do require the submission of and do review the audit report; however, several of these audits have not been conducted in accordance with OMB Circular A-133 (Single Audit Act).

**Effect:**

A Single Audit addresses many compliance issues that an audit conducted outside of those standards would not address. As such, a Single Audit provides a level of assurance to the grantor of grantee (subrecipient) compliance. Without receiving a Single Audit, that level of assurance is not attained. The grantor has an increased risk that grantees (subrecipients) have not expended funds in accordance with the provisions of the grant.

**Recommendation:**

The program administration should ensure that the audits of subrecipients are performed in accordance with the standards of OMB Circular A-133, when applicable. The agreement under which the program awards contracts to subrecipients contains an A-133 audit provision. That contract provision needs to be enforced. Additionally, the administration should ensure that the subrecipient's audit engagement has been approved by the Louisiana Legislative Auditor, in accordance with state law.

If subrecipients fall below the \$500,000 threshold, we recommend that on-site monitoring reviews be conducted for compliance with significant compliance attributes. These reviews should be conducted by persons with accounting and program knowledge that will enable them to detect non-compliance.

**Management Response:**

*We have procedures in place to receive the required audits in accordance with OMB Circular A-133. The audits will be reviewed in a timely manner and prompt actions taken when necessary. If the subrecipients fall below the \$500,000 threshold, we will put procedures in our monitoring guides to detect non-compliance. We will train our monitors to carry out these procedures.*

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2003**

**17.258-60 Workforce Investment Act (WIA) (continued)**

**Updated Management  
Response:**

**We are negotiating with a contractor to provide training to our monitors to carry out the procedures we have put in place.**

**14.235 Supportive Housing Program**

2003-3) Monitoring Subrecipients

*Questioned Costs: Undetermined*

**Criteria:** With regard to subrecipients, during the award a pass-through entity is responsible for monitoring and for ensuring that required audit reports are obtained and reviewing the results of those audits.

**Condition:** Certain aspects fo the program administration’s monitoring process could benefit from enhancement. While the administration’s process for reviewing subrecipient requests for reimbursement allows for a level of assurance for allowable costs, certain other aspects of grant compliance can best be ensured through on-site monitoring visits and from reviewing Single Audits. We noted monitoring visits, while sometimes conducted, were infrequent and were not performed according to a pre-set schedule. Out of 17 subrecipients, only nine audits were up-to-date.

**Effect:** A pass-through entity must execute its monitoring responsibilities to help ensure program compliance by the subrecipient. Failure to carry out all appropriate aspects of a monitoring program presents a risk that non-compliance could exist at the subrecipient level without timely detection by the pass-through entity.

**Recommendation:** The administration should develop a plan for conducting site-visits based upon risk-based criteria that decides priority and frequency. Based upon this selection process, the date and time of those visits should be agreed to by the subrecipient scheduled.

We recommend that required audits be obtained on a timely basis. Those subrecipients not compliant with the audit requirements should be dealt with. All audits need to be conducted in accordance with OMB Circular A-133. Furthermore, we strongly suggest the involvement of a CPA experienced in governmental accounting and auditing to review the submitted audits. If any non-compliance was found as a result of the audit (findings), then the administration is responsible for ensuring that the non-compliance is remedied.

The administration may want to consider contracting out certain aspects of its monitoring activities to a qualified CPA through agreed-upon procedure engagements. Such engagements are an allowable cost if the subrecipient is below the A-133 audit threshold of \$500,000.

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2003**

**14.235 Supportive Housing Program (continued)**

*Management Response: The Office of Community Development (OCD) would like to note that it is monitored yearly by the U.S. Department of Housing and Urban Development. A regular part of the monitoring is site visits to a number of SHP Project Sponsors. The monitoring visit recently completed by HUD (April 20 and 21) contained no findings relative to programmatic issues.*

*The OCD acknowledges that it needs to improve its on-site monitoring of subrecipients but feels that the recommendation that it contract this out to a CPA is not feasible. The manner in which Administrative funds are earned under the SHP program precludes drawing administrative funds for a project in excess of the percentage of funds allowed based on the expenditure of the Project Sponsor. The funds available for any one project could very well not be equal to that necessary to pay for the services of the CPA. The OCD will establish within 45 days of this response a schedule for conducting on site monitoring of its subrecipients. The schedule will be entered into a "tickler" system that will provide advanced notification of the necessary monitoring visits.*

**Updated Management Response:**

**SHP Grants are for a three year period. During that time frame all subrecipients will have on site monitoring at least once. Awards over the Single Audit threshold of \$500,000 will be monitored annually, any subrecipients that have had a finding or concern during the previous years monitoring will be re-monitored and any new subrecipients will also be monitored yearly.**

**20.205 Highway Planning and Construction Grants**

**2003-4) Davis-Bacon Wage Rates**

*Questioned Costs: Undetermined*

**Criteria:** When required by the Davis-Bacon Act, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Federal Department of Labor. To ensure that contractors and subcontractors are in compliance with Davis-Bacon Act, grantee personnel must monitor the payrolls of all contractors and subcontractors of applicable projects.

**Condition:** We noted an instance where the City's review process failed to detect the underpayment (less than the Federal wage requirements) of an electrician. Additionally, we noted a payroll submission which was not signed by the reviewer.

**Effect:** Although the review process appears to be functioning adequately, this instance of non-compliance did surface.

**Recommendation:** While we understand that oversights may occur, personnel responsible for monitoring compliance should be diligent in reviewing the payrolls.

**CITY OF BATON ROUGE -- PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2003**

**20.205 Highway Planning and Construction Grants (continued)**

That review should always be documented through signature of the reviewer.

*Management Response: The personnel charged with reviewing payrolls for compliance with Davis-Bacon have been instructed to be more diligent in their review and also have been instructed to document their review by signing each sheet of the payroll. The Engineering Division will endeavor to correct the issue noted in the audit. We believe this is an isolated instance.*

**Updated Management Response:**

**DPW believes this is an isolated oversight. We have discussed with the appropriate personnel the importance of City-Parish's responsibility for assurance of compliance regarding these federal requirements and to be diligent in the review of the contractors' payroll documentation.**



**Postlethwaite & Netterville**

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE**

The Honorable Mayor-President  
and Members of the Metropolitan Council  
City of Baton Rouge and Parish of East Baton Rouge:

**Compliance**

We have audited the compliance of the City of Baton Rouge and the Parish of East Baton Rouge (the City-Parish) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration in September 2000 (Guide), for its passenger facility charge program for the year ended December 31, 2004. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the City-Parish's management. Our responsibility is to express an opinion on the City-Parish's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City-Parish'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 City-Parish's compliance with those requirements.

In our opinion, the City-Parish complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2004.

**Internal Control Over Compliance**

The Management of the City-Parish is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the City-Parish's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.

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 and regulations that would be material in relation to the passenger facility charge 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 Passenger Facility Charges Revenues and Disbursements

We have audited the basic financial statements of the City of Baton Rouge and the Parish of East Baton Rouge as of and for the year ended December 31, 2004, and have issued our report thereon dated May 27, 2005, which includes a reference to the report of other auditors. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of passenger facility charges revenues and disbursements is presented for purposes of additional analysis as specified in the Guide 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 solely for the information and use of the Metropolitan Council, the City-Parish management, the Federal Aviation Administration 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.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
May 27, 2005



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF PASSENGER FACILITY CHARGES (PFC)**  
**REVENUES AND DISBURSEMENTS**  
**BATON ROUGE METROPOLITAN AIRPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	FY 2003 <u>Program Total</u>	Quarter 1 <u>Jan - Mar</u>	Quarter 2 <u>Apr - Jun</u>	Quarter 3 <u>Jul - Sep</u>
Revenue				
Collections	\$ 12,451,797	\$ 186,959	\$ 311,534	\$ 200,295
Interest	<u>1,008,605</u>	<u>--</u>	<u>1,033</u>	<u>1,740</u>
Total Revenue	<u>13,460,402</u>	<u>186,959</u>	<u>312,567</u>	<u>202,035</u>
Disbursements				
92-01-I-00-BTR	--		--	--
93-02-U-00-BTR	1,459,865	74,150	(23,942)	--
96-03-C-00-BTR	1,290,899	--	--	--
97-04-C-00-BTR	9,164,814	66,913	308,696	284,568
00-05-C-00-BTR	<u>996,531</u>	<u>--</u>	<u>(114,369)</u>	<u>18,474</u>
Total Disbursements	<u>12,912,109</u>	<u>141,063</u>	<u>170,385</u>	<u>303,042</u>
Net PFC Revenue		45,896	142,182	(101,007)
PFC Account Balance (cash basis)	\$ 548,293	\$ 594,189	\$ 736,371	\$ 635,364

Quarter 4 Oct - Dec	FY 2004 <u>Total</u>	FY 2004 <u>Program Total</u>
\$ 264,221	\$ 963,009	\$ 13,414,806
5,341	8,114	1,016,719
269,562	971,123	14,431,525
--	--	--
--	50,208	1,510,073
--	--	1,290,899
250,484	910,661	10,075,475
20,894	(75,001)	921,530
271,378	885,868	13,797,977
(1,816)	85,255	
\$ 633,548	\$ 633,548	633,548
Accrued PFC revenues		147,809
Accrued interest revenues		1,859
Accrued expenses		(59,503)
Total Net Assets Restricted for PFC included in EXHIBIT A-8		\$ 723,713

# SPECIAL ACKNOWLEDGMENTS

## Finance - Accounting

**Vicki P. Harris**

Accounting Manager

**Kathleen Kreko**

**Elizabeth LeBlanc**

Assistant Accounting Managers

**Sharon Campbell**

Debt Management Officer

**Myra Dialekwa**

**Kim Fair**

**Jeannie Martin**

**Mary Ourso**

Accounting Section Supervisors

### **Administrative Specialist II**

Helen LaVergne

### **Senior Fiscal Specialist**

Rosemary Acosta

Linda Hickerson

Eva Kelley

Mona Parker

Kay Tolar

### **Fiscal Specialist**

Gwen DeRoger

Barbara Dotie

Christine Earls

Martha London

Kathy Mansur

Megan Stevenson

### **Accountant III**

Cheryl Bourgeois

Shannon Hargrave

Tammy Morgan

Jeanine Romero

### **Accountant II**

Shalanda Guttuso

Lauren Strickland

Nick Vidrine

### **Accountant I**

Tara Dearing

Thea Gauthier

Ashley Joseph

### **Clerical Specialist III**

Jasylon Burns

Gregory Spears

### **Student Interns**

Frederick Carter

Sonya Jewell

### **Design and Production**

The Image Source Inc

Stan Dark

Tara Dark

**CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE**

**REPORT TO MANAGEMENT**

**DECEMBER 31, 2004**



CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE

REPORT TO MANAGEMENT

DECEMBER 31, 2004



**Postlethwaite & Netterville**

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May 27, 2005

The Honorable Mayor-President  
and Members of the Metropolitan Council  
City of Baton Rouge and Parish of East Baton Rouge:

In planning and performing our audit of the financial statements of the City of Baton Rouge-Parish of East Baton Rouge (City-Parish) for the year ended December 31, 2004, we considered the City-Parish'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. The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

However, during our audit, we became aware of several matters that are opportunities for improving internal controls. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated May 27, 2005, on the financial statements of the City Parish.

2004-1) Approval and review of time records, leave and overtime requests and consistency among departments with respect to timekeeping systems

Condition: During testing of payroll documentation and compliance with established payroll procedures, instances of noncompliance were noted as follows:

- Time records and leave request forms were not signed by the employee and/or the supervisor, leave forms were inaccurate and/or incomplete.
- Leave hours were incorrectly input into the payroll software.
- Various timekeeping systems are utilized throughout the City-Parish.
- Dissimilar forms and other documentation for attendance, payroll input and leave requests across departments.
- Undocumented reasons for sick leave taken.
- An instance of "burning" of sick leave prior to retirement.

Recommendation: All departments should implement procedures to ensure that all hours worked and all leave hours taken are recorded on the attendance record signed by the employee and the supervisor. In addition, procedures should be implemented to ensure that leave requests are prepared and approved, and include an indication of the illness.

Human Resources may want to consider a review of the various timekeeping systems and forms utilized and determine if consistency could be achieved through the purchase of a biometric timekeeping system for all City-Parish departments and standardization of forms. The practice of "burning" sick leave prior to retirement should be addressed by Human Resources.

Management's Response:

*A memorandum stating City-Parish payroll policies and procedures was issued on June 19, 2002 to all departments and agencies (see attached). It emphasized the City-Parish's policy that each employee must personally sign an attendance record at the end of each pay period and supervisors must certify the accuracy of this record by signing or initialing it. In addition to this memo, there are payroll procedures currently posted on the MetroNet that also state that both the employee and supervisor must personally sign an attendance report at the end of each pay period.*

*The above referenced memo also states that after a designated employee inputs the payroll information into the payroll system, a second employee shall verify the information. This policy is also posted on the MetroNet.*

*Our Information Services department is recommending that in the next 3 – 4 years, we will need to purchase a new payroll system. It is hoped that the new software will include a timekeeping system to be uniformly used throughout City-Parish agencies. It is not recommended or feasible to purchase a separate timekeeping system before that time.*

*Human Resources is currently working with Information Services to adapt current forms to interactive forms in order to achieve consistency from the departments. We will continue to work in this area to include more of our standard payroll forms.*

*It is recommended that this matter be referred to the Parish Attorney's office for a written legal opinion to address privacy concerns for documenting reasons of sick leave usage.*

*The "burning" of sick leave issue has been referred to our Rules Committee. It is recommended that the committee makes this a top priority to be addressed as soon as possible.*

2004-2) Consistency in determining eligibility based on current poverty guidelines

Condition: During single audit testing of the Workforce Investment Act (WIA) – Adult and Dislocated Workers Program, it was noted that there was inconsistency in the poverty guidelines being used by the case workers to determine participant eligibility. Case workers were unclear which guidelines to adhere to and used either the Poverty guidelines listed in the LAVOS system or the 2004 Poverty & 70% LLSI Guidelines provided by the program administration. Poverty guidelines listed in the LAVOS system were not up to date and therefore may have inadvertently turned away eligible participants.

It was also noted that the calculation of annual income for an eligible participant was not documented well and in some instances could not be recalculated.

Recommendation: We recommend that case workers use the most recent poverty guidelines for the Baton Rouge region as determined by state and federal program authorities. In addition, WIA may want to consider implementing the use of a standardized form for calculating the annual income amount used in determining if an applicant meets the poverty guidelines. Program management could disseminate the information to caseworkers through training sessions or staff meetings.

Management's Response:

*All WIA Program staff will use the same poverty guidelines. Currently, we are using the 2004 Poverty & 70% LLSI Guidelines. The Poverty Guidelines listed in the LAVOS system will not be used by WIA staff. It was previously used in error. Because there are various scenarios involved in the calculating of income used for eligibility determination, the form attached will be used on a trial basis.*

2004-3) Approval of ITA agreements

Condition: Upon reviewing participant files for dislocated and adult workers of the Workforce Investment Act Program, it was noted that the Program Director's duties for ITA agreements was regularly being delegated to the assistant program director. Out of the 17 files tested, 14 were signed by the assistant on behalf of the director.

Recommendation: ITA agreements should be approved by the Program Director.

Management's Response:

*Effective July 1, 2005, ITAs will be signed by the WIA Program Administrator or his/her designee.*

2004-4) Federal Grant Administration – Workforce Investment Act (WIA)

Condition: The WIA Program consists of a cluster of similar grant programs funded by the Department of Labor. Costs charged to each grant program within the cluster must be identified and segregated to each individual program. In charging payroll expenditures between the different grant programs within the cluster, the WIA administrative staff

initially code expenditures to the programs based upon a pre-determined percentage. Transfers are then made between the programs to reflect actual time and effort documented in time sheets. The payroll transfers to the appropriate program are made through a journal entry. In performing tests of payroll disbursements charged to the WIA programs, we noted considerable lag time between the initial posting of the payroll and the ultimate transfer to the appropriate program.

Effect: There appears to have been no effect to the total drawn from the state/federal treasury (amounts were not drawn twice). However, such a lag in transferred costs to the appropriate fund can effect the reporting of each particular grant, as well as certain administrative aspects of the grant.

Recommendation: Cost should be charged to the appropriate fund on a timely basis. If any transfers of costs need to be performed, such transfers should be performed on a monthly basis and should include all costs for the preceding month.

Management's Response:

*The percentage of each employee's hours worked has been broken down by the appropriate fund for the payroll expenditures. Bi-weekly, a payroll allocation sheet will be submitted with each employee's time and attendance showing the correct percentages for each fund.*

*WIA Administrative accounting staff will review the allocation quarterly and will make adjustments semi-annually.*

2004-5) Inventory of Capital Assets

Condition (s): Best practices for governments in accounting for capital assets call for an inventory of property and equipment on a periodic basis, generally at a minimum of every two years. While the City has adopted this best practice, and the required inventory is conducted by most departments, we noted that the police department has not taken a complete inventory of its property and equipment within the last two years.

We also noted inconsistencies in the forms being used to document or disposed capital assets\equipment. Some departments used a standardized form while others simply provided a list of deleted items.

Effect: The absence of a physical inventory could lead to inaccurate and out- of-date capital asset records. Undocumented disposals of capital assets could lead to a lack of accountability for such items.

Recommendation: The physical inventory should be conducted at least once every two years for all departments. Additionally, we recommend that a standardized form be used by all departments to document capital asset disposals. The form should include pertinent information about the disposal, including date, method, and authorization.

Management Response:

*Purchasing does send printouts of assets (tagged items) to all departments at least once per year for them to update. The Police Department has obviously not attached a high priority to this request.*

*Purchasing actually updates the report to a large extent based on items disposed of at auction and purchase of new tagged items.*

*Purchasing provides a standard form to document disposal of capital items. However, we will accept other forms of documentation for the file if all the information is provided. For example, the Library may provide a computer listing when disposing of a large number of items, rather transferring the data to separate forms.*

**2004-6) Budget Law Violation**

**Condition:** La Revised Statute 39:1310 requires governments to amend general and special revenue fund budgets when actual revenues plus expected revenues fall short of budgeted amounts by 5% or more. The following fund's revenues fell short of budgeted amounts by 5% or more:

		<u>Budget</u>	<u>Actual</u>
• Federal Forfeited Property Fund	45.45%	\$200,000	\$109,223

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

**Management Response:**

*In the future, the City-Parish will closely monitor all budget modifications to correct projected variances of five percent or more. Additionally, the Finance Department – Budgeting Division will not appropriate funds until a check is received for the Federal Forfeited Property Fund.*

**2004-7) Ethics Law Violation - Nepotism**

**Condition:** La Revised Statute 42:1112(B)(1) prohibits public servants from participating in transactions in which a member of his\her immediate family has a substantial economic interest. The individual that heads the pretrial diversion program contracted his son to teach pre-trial diversion classes. This appears to be a violation of the aforementioned statute. Payments made under the contracts for 2003 and 2004 were \$3,300 and \$1,800, respectively.

Additionally, the spouse of the individual that heads the pretrial diversion program is employed within his department under his supervision. According to City-Parish payroll policies and procedures, supervisors are responsible for approving time and attendance records. Such a situation lends itself to violations of the same statute.

**Recommendation:** With regard to the contracts with the department head's son, we understand that the contracts under which these payments were made have been terminated. In an effort to prevent future violations, all department\program heads should be educated\reminded of the statute's prohibitions regarding transactions with family members.

With regard issue of supervisory relationship between the program's head and his spouse, the Program should consider alternatives to approval of the spouse's time and attendance.

Management Response:

*With regard to the department head's son, he is no longer teaching classes for the pretrial diversion program. Also, approval of leave time and attendance for the department head's spouse is signed by the Chief Assistant Parish Attorney as her direct supervisor, beginning in July, 2004. The department has also reminded all division heads of the language in La. R.S. 42:1112(B)(1).*

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. We would also welcome any opportunity to perform any additional study of these matters or to assist you in implementing the recommendations. We would also like to thank the City Parish's staff for their patience and cooperation with us during the performance of the audit.

This report is intended solely for the information of the City-Parish's management and the Louisiana Legislative Auditor's Office, 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.

We want to thank the staff of the City-Parish for the courtesies extended to us during the audit. If you have any questions or need any assistance in the implementation of these recommendations, we would be pleased to offer our services.

*Portlethwaite & Netterville*

Baton Rouge, Louisiana  
May 27, 2005

## Responses to 2004 Management Letter

### 2004-1) Approval and review of time records, leave and overtime requests and consistency among departments with respect to timekeeping systems

- Condition: During testing of payroll documentation and compliance with established payroll procedures, instances of noncompliance were noted as follows:
- ▶ Time records and leave request forms were not signed by the employee and/or the supervisor, leave forms were inaccurate and/or incomplete.
  - ▶ Leave hours were incorrectly input into the payroll system.
  - ▶ Various timekeeping systems are utilized throughout the City-Parish.
  - ▶ Dissimilar forms and other documentation for attendance, payroll input and leave requests across departments.
  - ▶ Undocumented reasons for sick leave taken.
  - ▶ An instance of “burning” of sick leave prior to retirement.

Recommendation: All departments should implement procedures to ensure that all hours worked and all leave hours taken are recorded on the attendance record signed by the employee and the supervisor. In addition, procedures should be implemented to ensure that leave requests are prepared and approved, and include an indication of the illness.

Human Resources may want to consider a review of the various timekeeping systems and forms utilized and determine if consistency could be achieved through the purchase of a biometric timekeeping system for all City-Parish departments and standardization of forms. The practice of “burning” sick leave prior to retirement should be addressed by Human Resources.

*Management Response: A memorandum stating City-Parish payroll policies and procedures was issued on June 19, 2002, to all departments and agencies (see attached). It emphasized the City-Parish’s policy that each employee must personally sign an attendance record at the end of each pay period and supervisors must certify the accuracy of this record by signing or initialing it. In addition to this memo, there are payroll procedures currently posted on the MetroNet that also state that both the employee and supervisor must personally sign an attendance report at the end of each pay period.*

*The above referenced memo also states that after a designated employee inputs the payroll information into the payroll system, a second employee shall verify the information. This policy is also posted on the MetroNet.*

*Our Information Services department is recommending that in the next 3 - 4 years, we will need to purchase a new payroll system. It is hoped that the new software will include a timekeeping system to be uniformly used throughout City-Parish agencies. It is not recommended or feasible to purchase a separate timekeeping system before that time.*

*Human Resources is currently working with Information Services to adapt current forms to interactive forms in order to achieve consistency from the departments. We will continue to work in this area to include more of our standard payroll forms.*

*It is recommended that this matter be referred to the Parish Attorney's office for a written legal opinion to address privacy concerns for documenting reasons of sick leave usage.*

*The "burning" of sick leave issue has been referred to our Rules Committee. It is recommended that the committee make this a top priority to be addressed as soon as possible.*

#### **2004-2) Consistency in determining eligibility based on current poverty guidelines**

**Condition:** During single audit testing of the Workforce Investment Act (WIA) - Adult and Dislocated Workers Program, it was noted that there was inconsistency in the poverty guidelines being used by the case workers to determine participant eligibility. Case workers were unclear which guidelines to adhere to and used either the Poverty guidelines listed in the LAVOS system or the 2004 Poverty & 70% LLSI Guidelines provided by the program administration. Poverty guidelines listed in the LAVOS system were not up to date and therefore may have inadvertently turned away eligible participants.

*It was also noted that the calculation of annual income for an eligible participant was not documented well and in some instances could not be recalculated.*

**Recommendation:** We recommend that case workers use the most recent poverty guidelines for the Baton Rouge region as determined by state and federal program authorities. In addition, WIA may want to consider implementing the use of a standardized form for calculating the annual income amount used in determining if an applicant meets the poverty guidelines. Program management could disseminate the information to caseworkers through training sessions or staff meetings.

**Management Response:** *All WIA Program staff will use the same poverty guidelines. Currently, we are using the 2004 Poverty & 70% LLSI Guidelines. The Poverty Guidelines listed in the LAVOS system will not be used by WIA staff. It was previously used in error. Because there are various scenarios involved in the calculating of income used for eligibility determination, the form attached will be used on a trial basis.*

#### **2004-3) Approval of ITA agreements**

**Condition:** Upon reviewing the participant files for dislocated and adult workers of the Workforce Investment Act Program, it was noted that the Program Director's duties for ITA agreements

was regularly being delegated to the assistant program director. Out of the 17 files tested, 14 were signed by the assistant on behalf of the director.

**Recommendation:** ITA agreements should be approved by the Program Director.

**Management Response:** *Effective July 1, 2005, ITAs will be signed by the WIA Program Administrator or his/her designee.*

#### 2004-4) Federal Grant Administration - Workforce Investment Act (WIA)

**Condition:** The WIA Program consists of a cluster of similar grant programs funded by the Department of Labor. Costs charged to each grant program within the cluster must be identified and segregated to each individual program. In charging payroll expenditures between the different grant programs within the cluster, the WIA administrative staff initially codes expenditures to the programs based upon a pre-determined percentage. Transfers are then made between the programs to reflect actual time and effort documented in time sheets. The payroll transfers to the appropriate program are made through a journal entry. In performing tests of payroll disbursements charged to the WIA programs, we noted considerable lag time between the initial posting of the payroll and the ultimate transfer to the appropriate program.

**Effect:** There appears to have been no effect to the total drawn from the state/federal treasury (amounts were not drawn twice). However, such a lag in transferred costs to the appropriate fund can affect the reporting of each particular grant, as well as certain administrative aspects of the grant.

**Recommendation:** Costs should be charged to the appropriate fund on a timely basis. If any transfers of costs need to be performed, such transfers should be performed on a monthly basis and should include all costs for the proceeding month.

**Management Response:** *The percentage of each employee's hours worked has been broken down by the appropriate fund for the payroll expenditures. Bi-weekly, a payroll allocation sheet will be submitted with each employee's time and attendance showing the correct percentages for each fund.*

*WIA Administrative accounting staff will review the allocation quarterly and will make adjustments semi-annually.*

#### 2004-5) Inventory of Capital Assets

**Condition(s):** Best practices for governments in accounting for capital assets call for an inventory of property and equipment on a periodic basis, generally at a minimum of every two years. While the City has adopted this best practice, and the required inventory is conducted by most departments, we noted that the police department has not taken a complete inventory of its property and equipment within the last two years.

We also noted inconsistencies in the forms being used to document disposed capital assets/equipment records. Some departments used a standardized form, while others simply provided a list of deleted items.

**Effect:** The absence of a physical inventory could lead to inaccurate and out-of-date capital assets/equipment records. Undocumented disposals of capital assets could lead to a lack of accountability for such items.

**Recommendation:** The physical inventory should be conducted at least once every two years for all departments. Additionally, we recommend that a standardized form be used for all departments to document capital asset disposals. The form should include pertinent information about the disposal, including date, method, and authorization.

**Management Response:** *Purchasing does send printouts of assets (tagged items) to all departments at least once per year for them to update. The Police Department has obviously not attached a high priority to this request.*

*Purchasing actually updates the report to a large extent based on items disposed of at auction and purchase of new tagged items.*

*Purchasing provides a standard form to document disposal of capital items. However, we will accept other forms of documentation for the file if all the information is provided. For example, the Library may provide a computer listing when disposing of a large number of items, rather transferring the data to separate forms.*

2004-6) Budget Law Violation

**Condition:** LA Revised Statute 39:1310 requires governments to amend general and special revenue fund budgets when actual revenues plus expected revenues fall short of budgeted amounts by 5% or more. The following fund's revenues fell short of budgeted amounts by 5% or more:

			<u>Budget</u>	<u>Actual</u>
•	Federal Forfeited Property Fund	45.45%	\$200,000	\$109,223

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

**Management Response:** *In the future, the City-Parish will closely monitor all funds and make all budget modifications to correct projected variances of five percent or more. Additionally, the Finance Department - Budgeting Division will not appropriate funds until a check is received for the Federal Forfeited Property Fund.*



**Office of the Mayor-President**

City of Baton Rouge  
Parish of East Baton Rouge

222 St. Louis Street  
Post Office Box 1471  
Baton Rouge, Louisiana 70821

225/389-3100  
Fax 225/389-5203

**BOBBY SIMPSON**  
Mayor-President

June 19, 2002

**MEMORANDUM**

**TO:** All Department and Agency Heads

**FROM:** Paul Thompson  
Chief Administrative Officer

**SUBJECT:** CITY-PARISH PAYROLL POLICIES AND PROCEDURES

During Postlethwaite & Netterville's audit of the City-Parish financial statements for the year ending December 31, 2001, they found two payroll areas that could be improved. First, they noted cases in which attendance records (time sheets, time cards, etc.) lacked supervisory approval. Secondly, they observed instances where leave had been taken and paid, but had not been charged to the employee in the payroll system.

I want to reemphasize the City-Parish following payroll policies and procedures applicable to the above situations:

*Each employee is required to personally sign an attendance record (i.e. time sheet or time card) at the end of each pay period. Supervisors shall certify the accuracy of this record by signing or initialing it. (Note: Commissioned police officers and fire fighting personnel have been authorized to continue to use roster systems.)*

*All changes made to attendance records shall be signed or initialed again by both the employee and supervisor, or the changes will be documented on payroll correction forms that are approved by a supervisor.*

*In addition to the attendance report, each division is required to maintain a written system documenting all employees on leave, including authorization (i.e. leave request forms). Documentation shall be completed when leave begins rather than after the fact.*

*A designated employee in each department shall verify attendance information and input the payroll information for that department directly into City-Parish Payroll*

A COMMUNITY WITH CHARACTER...A COMMUNITY THAT CARES

All Department and Agency Heads  
June 19, 2002  
Page 2

*Processing System.<sup>1</sup> Before the payroll is input, a second employee shall also verify the attendance information.*

Attached is a complete copy of the City-Parish payroll policies and procedures. Please review this information to ensure that your department is in compliance. If you have any questions, please call Bobby Craig, Auditing Manager at 389-3076 ext. 203.



Paul Thompson  
Chief Administrative Officer

G:\Concep\2002\027-clm.wpd

Attachment

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<sup>1</sup>Due to various circumstances, some departments' payroll is still input by Human Resources personnel.

## City-Parish Payroll Procedures

Effective 06/19/02

### General Payroll Requirements

1. All departments shall have written payroll procedures.
2. All divisions shall have a fully trained backup employee to process payroll.
3. Each division shall document employees' work schedules that deviate from the regular office or work hours of the division.

### Compilation of Hours Worked

4. Each employee shall personally sign an attendance record (i.e. time sheet or time card) at the end of each pay period. Supervisors shall certify the accuracy of this record by signing or initialing it. Note: Commissioned police officers and fire fighting personnel have been authorized to continue to use roster systems.
5. All changes made to attendance records should be signed or initialed again by both the employee and supervisor, or the changes should be documented on payroll correction forms that are approved by a supervisor.
6. Each division shall maintain a system documenting employees away from their regular work site, such as an office log.
7. In addition to attendance records, each division shall maintain a written system documenting all employees on leave, including authorization (i.e. leave request forms). Documentation should be completed when leave begins rather than after the fact.
8. Reasons for overtime shall be documented on attendance records.

### Input of Hours

9. The employee responsible for payroll shall verify attendance information. Before the payroll is input, a second employee shall also verify the attendance information.

### Verification of Hours Input

10. Before paychecks are generated, management or their designated representative should review the final payroll report (currently the *Hours to Gross Report*) to attendance information and certify the payroll according to the *Personnel Rules*, Rule IV, Section 13. The designated employee must be an employee not involved in payroll preparation or input.

### Generation and Distribution of Paychecks

11. An employee independent of the payroll process should review check registers for reasonableness of paycheck amounts and material differences from the attendance information. After each pay period, this employee should also review the *Year-To-Date Overtime Report* for reasonableness.
12. Paychecks should be distributed to City-Parish employees or signed for by individuals with proper authorization and identification. All unclaimed paychecks should be sent to the Treasurer's Office.

### Vehicle Usage Reporting

13. When making or changing vehicle assignments, all departments must complete a Determination of Vehicle Taxable Status (DVTS) form and send copies to Finance-Accounting and Purchasing. If the vehicle is a pooled vehicle, this should be noted on the form and each employee commuting in the vehicle identified. Purchasing will use this information to determine the PAR U code on each vehicle.
14. Vehicle usage must be indicated either on the individual employee's attendance record each pay period, or on the Payroll Automobile Usage Information form.
15. Departments should receive an annual vehicle listing from the Purchasing Division. Each department should verify that the information on the report is correct and use the PAR U codes to verify that mileage reimbursements are being made.
16. Council Resolution 3951 requires that employees using City-Parish vehicles pay the City-Parish a mileage charge for the miles from the established 24 mile radius to their residences.

Income Calculations Worksheet

LWIA #21/EBRP

**Eligibility Period for Income Processing:**

*(income calculations for last six (6) months)*

to

Calculations w/Income Source(s)	Income by the Month
Food Stamps/TANF	1 <sup>st</sup> Month
	2 <sup>nd</sup> Month
Wage Runs	3 <sup>rd</sup> Month
	4 <sup>th</sup> Month
YTD Check Stubs	5 <sup>th</sup> Month
	6 <sup>th</sup> Month
Other Sources of Income	

6 Months Income

x2

Annualized Income

Revised June 14, 2005

**BATON ROUGE RIVER CENTER  
BATON ROUGE, LOUISIANA**

Special-Purpose Financial Statements

December 31, 2004

With Independent Auditors' Report Thereon



**BATON ROUGE RIVER CENTER  
BATON ROUGE, LOUISIANA**

Special-Purpose Financial Statements

December 31, 2004

With Independent Auditors' Report Thereon

**BATON ROUGE RIVER CENTER  
BATON ROUGE, LOUISIANA**

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**Postlethwaite & Netterville**

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

**Independent Auditors' Report**

To the City of Baton Rouge -  
Parish of East Baton Rouge and  
SMG:

We have audited the special-purpose statements of assets and liabilities for the Baton Rouge River Center (the Center) as of December 31, 2004 and 2003, and the related special-purpose statements of revenues and expenses and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits provide a reasonable basis for our opinion.

The accompanying special-purpose statements were prepared for the purpose of complying with the Management Agreement for the Baton Rouge River Center as discussed in Note 2 and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets and liabilities of the the Center as of December 31, 2004 and 2003, and the related revenues, expenses and cash flows for the years then ended, on the basis of accounting described in Note 2.

This report is intended solely for the information and use of the City of Baton Rouge - Parish of East Baton Rouge, the management of the Center and SMG and is not intended to be and should not be used by anyone other than these specified parties.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
May 16, 2005

**BATON ROUGE RIVER CENTER  
BATON ROUGE, LOUISIANA**

Special-Purpose Statements of Assets and Liabilities

December 31, 2004 and 2003

<b>Assets</b>	<u>2004</u>	<u>2003</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 192,520	\$ 451,409
Accounts receivable, net of allowance for doubtful accounts of \$10,000 and \$236,800 in 2004 and 2003	294,880	273,888
Advertising contract revenue receivables	57,500	208,000
Prepaid expenses	<u>11,961</u>	<u>30,982</u>
<b>Total assets</b>	<u>556,861</u>	<u>964,279</u>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	235,716	386,948
Accrued expenses	53,568	79,235
Deferred revenue	422,931	505,686
Due to City of Baton Rouge - Parish of East Baton Rouge	<u>(155,354)</u>	<u>(7,590)</u>
<b>Total liabilities</b>	<u>\$ 556,861</u>	<u>\$ 964,279</u>

See accompanying notes to the special-purpose financial statements.

**BATON ROUGE RIVER CENTER  
BATON ROUGE, LOUISIANA**

Special-Purpose Statements of Revenues and Expenses

Years ended December 31, 2004 and 2003

	2004	2003
Operating revenues:		
Event income:		
Rental	\$ 909,665	\$ 990,347
Food and beverage	80,070	108,045
Novelty and event parking	55,021	18,082
Total event income	1,044,756	1,116,474
Non-event food and beverage	13,038	11,433
Advertising	77,941	107,973
Other	68,252	177,917
Total operating revenues	1,203,987	1,413,797
Operating expenses:		
Management company salaries and wages, including employee benefits	1,025,110	948,860
Utilities	426,935	459,551
Repairs and maintenance	45,156	58,610
Supplies, equipment and postage	100,014	78,104
Insurance	126,653	155,319
Professional, computer and contract services	43,878	37,094
Advertising and public relations	82,738	67,718
Bad debt expense	22,878	249,116
Total operating expenses	1,873,362	2,054,372
Net loss added to funds from the City of Baton Rouge - Parish of East Baton Rouge	(669,375)	(640,575)
Funds from the City of Baton Rouge - Parish of East Baton Rouge:		
Beginning of year	(7,590)	367,867
Expenses paid by City for Centroplex	436,444	469,518
SMG management fees accrued on behalf of City	85,167	(204,400)
End of year	\$ (155,354)	\$ (7,590)

See accompanying notes to special-purpose financial statements.

**BATON ROUGE RIVER CENTER  
BATON ROUGE, LOUISIANA**

Special-Purpose Statements of Cash Flows

Years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Net loss added to funds from City of Baton Rouge - Parish of East Baton Rouge	\$ (669,375)	\$ (640,575)
Adjustments to reconcile net loss added to funds from City of Baton Rouge - Parish of East Baton Rouge to net cash used in operating activities:		
Bad debt provision	22,878	249,116
Net change in operating assets and liabilities:		
Decrease (Increase) in receivables	106,630	(121,771)
Decrease (Increase) in due from City of Baton Rouge - Parish of East Baton Rouge	85,167	(204,400)
Decrease in prepaid expenses	19,021	30,596
(Decrease) Increase in accounts payable	(151,232)	78,259
Decrease in accrued expenses	(25,667)	(47,112)
(Decrease) Increase in deferred revenue	(82,755)	16,725
Net cash used in operating activities	<u>(695,333)</u>	<u>(639,162)</u>
Cash flows from financing activities -		
Funding from the City of Baton Rouge - Parish of East Baton Rouge	436,444	469,518
Net cash provided by financing activities	<u>436,444</u>	<u>469,518</u>
Net decrease in cash	(258,889)	(169,644)
Cash and cash equivalents at beginning of year	<u>451,409</u>	<u>621,053</u>
Cash and cash equivalents at end of year	<u>\$ 192,520</u>	<u>\$ 451,409</u>

See accompanying notes to special-purpose financial statements.

**BATON ROUGE RIVER CENTER  
BATON ROUGE, LOUISIANA**

Notes to Special-Purpose Financial Statements

**(1) Organization and Reporting Entity**

The Baton Rouge River Center (the Center) is a three-venue complex consisting of an arena, exhibition hall and a performing arts theater located in Baton Rouge, Louisiana. The Center is owned by the City of Baton Rouge - Parish of East Baton Rouge (the "City") and operates as a facility for conventions and assembly events. The City entered into and executed a management agreement (the "Agreement") with SMG, a Pennsylvania joint venture, to provide the City with management services. The management agreement commenced on April 1, 1996, expired on December 31, 2004, and has been extended until December 31, 2006. Under the Agreement, SMG manages all of the activities and operations of the Center including, but not limited to the rental of space, advertising, promotion, marketing and sales, event management, public relations, procurement, maintenance, security, custodial and support services including, but not limited to, food and beverage requirements for conferences, conventions, exhibitions, performances, special events and any and all events taking place at the Center.

The Center has recently undergone an expansion which was financed by the parish's portion of a state sales tax on hotel and motel rooms, Louisiana state capital outlay appropriations, and City-Parish local funds. A portion of the cost was originally financed through a bond sale in 2001. In order to capitalize on the growing tourism industry, the expansion has added 70,000 square feet of exhibition space, and 15,000 square feet of meeting space. The added space and numerous private and public development projects adjacent to the facility are expected to allow the Centroplex to compete as a second-tier convention center. Total project authorization is currently \$44.4 million. The expansion project was completed in December of 2004.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Accounting**

The special-purpose financial statements have been prepared to reflect the financial position and the results of operations of the Center pursuant to the Agreement between SMG and the City. Accordingly, the Statement of Assets and Liabilities does not include all of the assets and liabilities relating to the Center, but includes only those assets and liabilities of the Center's operations which are managed by SMG pursuant to the Agreement. Assets and liabilities not reflected herein include, but are not limited to, property, building, furniture and equipment, long-term debt and amounts due to third parties prior to execution of the Agreement. The Statements of Revenues and Expenses do not include charges for depreciation in connection with the assets and liabilities, not reflected herein. All of the assets of the Center are owned by the City and all of the liabilities are the obligations of the City.

The special-purpose financial statements of the Center maintained by SMG are prepared using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred.

Event income is reported net of amounts paid to promoters, subcontractors and concessionaires. Event rentals including advance deposits are recognized as revenue in the period in which the event is held. Unearned receipts for event rentals and advance ticket sales are included in deferred revenue.

**BATON ROUGE RIVER CENTER  
BATON ROUGE, LOUISIANA**

Notes to Special-Purpose Financial Statements

**(b) *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 disclosure of contingent assets and liabilities at the date of the statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(c) *Cash and Cash Equivalents***

Cash and cash equivalents include demand deposit accounts and short-term, highly liquid investments with original maturities of three months or less.

**(d) *Vacation and Sick Pay***

Employees earn vacation leave in varying amounts according to years of service. Unused vacation can be carried over from one calendar year to the next, but is limited to the number of days earned during the prior year. An employee who separates from the entity will be compensated for earned unused vacation days up to a maximum of 24 days. Sick leave is accrued for full-time hourly employees up to a yearly maximum of six days. There is no provision for payment of unused sick-time at termination. The accrued liability included in accrued expenses at December 31, 2004 and 2003 was \$27,174 and \$40,235 respectively.

**(3) *Transactions between the City and SMG***

The continued operation of the Center is dependent on funding from the City. The Agreement provides for the City to pay certain operational expenses. Those expenses totaled \$436,444 and \$469,518 for 2004 and 2003, respectively.

**(4) *Cash and Cash Equivalents***

The Center's checking accounts are maintained at a local financial institution and are collateralized by FDIC insurance and pledged securities held in the Center's name by a third party. The actual bank balances of the cash and cash equivalents at December 31, 2004 and 2003 were \$149,000 and \$372,891, respectively. The amounts were completely collateralized and/or insured at December 31, 2004 and 2003.

**(5) *SMG's Base and Incentive Fees***

Pursuant to Amendment Number 2 and section 4.1 of the Agreement, SMG is entitled to an annual base fee of \$200,000 which shall be adjusted on the first day of each fiscal year, after January 1, 2003, during the term by the percentage change in the Consumer Price Index – All Urban Consumers – U.S. City Average – All Items as defined in the contract. The term of the contract expires at the end of 2006. In addition to the base fee, an annual incentive fee is calculated based on 25% of operating revenues from all events excluding hockey events which are in excess of \$1,000,000. No incentive fee is paid for any fiscal year that has a net operating loss. The management fee earned for 2004 and 2003 totaled \$208,008 and \$204,400, respectively. This fee is borne by the City and is therefore not expensed in the accompanying statements of revenues and expenses.

**BATON ROUGE RIVER CENTER  
BATON ROUGE, LOUISIANA**

Notes to Special-Purpose Financial Statements

**(6) Employee Benefit Plans**

SMG is a plan sponsor and participates in a 401(k) Savings and Retirement Plan (the Plan) with other related entities. All eligible employees, as defined in the Plan Document, may participate after one year of service. The benefit of investment gain and the risk of investment loss belong to the participant's accounts on the basis of the balances in those accounts. The amount contributed each year by the Center is based on a matching formula defined in the Plan. The amount contributed to the Plan and recorded as expense for the years ended December 31, 2004 and 2003 was \$15,268 and \$24,519, respectively.

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**BATON ROUGE RIVER CENTER**

**REPORT TO MANAGEMENT**

**DECEMBER 31, 2004**

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BATON ROUGE RIVER CENTER

REPORT TO MANAGEMENT

DECEMBER 31, 2004



**Postlethwaite & Netterville**

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

Page 1 of 4

May 16, 2005

Honorable Mayor-President and Management  
of the City of Baton Rouge-Parish of East Baton Rouge  
and the Baton Rouge River Center  
Baton Rouge, LA

We have audited the financial statements of the Baton Rouge River Center (the River Center) as of and for the year ended December 31, 2004 and have issued our report thereon. As part of our examination, we made a study and evaluation of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his audit of the financial statements.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

During the course of our audit, we made the following observations which we feel should be brought to your attention. Concerning these matters, we offer the following comments and recommendations:

2004-1

Cash management and security

Condition: We noticed several checks which had been written but never issued. Those checks, totaling approximately \$60,000 were outstanding for sometime, and were still negotiable instruments as of year-end. We noted that checks were being kept in the desk of an individual on the SMG staff. **This is a recurring condition that was also reported in the prior year management letter.**

Recommendation: There should not be a significant time lag between when the checks are written and the time when checks are mailed. If it is determined that a check should not be mailed due to certain circumstances, then the check should be voided immediately.

Management's Response: *We agree with auditor recommendations. Unsent checks will be voided if not sent in a timely manner.*

2004-2

Event contracting and settlement

Condition: In performing our procedures with regard to event revenue, we noted several events' settlement sheets (the document that memorializes how the proceeds and costs of an event are divided per terms of the contract) that were not signed by all appropriate parties. **This is a recurring condition that was also reported in the prior year management letter.**

Recommendation: Contracts and settlement sheets should be signed by all parties. Copies of those documents should be kept on file.

Management's Response: *We agree with auditor recommendations. However, at times promoters and customers do not return signed copies of settlement sheets when they are billed. We will make a greater effort to get these signed in the future.*

2004-3

Assets Receivable

Condition: Management does not employ a conventional accounts receivable system. The current process lacks the capability of producing automated bills and statements, as well as an aging schedule. Additionally, collection efforts are infrequent.



Recommendation: Management should consider utilizing a computerized accounts receivable system capable of producing aging reports, automated bills and account statements. There should be a more focused effort on collection of delinquent receivables. A process should be established and someone should be put in-charge and held accountable to be sure procedures are followed.

Management's Response: *We agree with the auditor recommendations. We plan to focus more on past due receivables by mailing monthly statements and follow up with telephone calls when payments are not received timely.*

2004-4

Condition: In our testing of expenses, we noted an instance where certain cell phone charges appeared excessive. The total bill for one individual was \$1,013 for a one month period. Many calls were after hours.

Recommendation: Management should adopt a cell phone usage policy that sets forth parameters for business use. Cell phone bills should be reviewed monthly by an appropriate management-level employee. Personal calls should be identified on the bill by the employee and should be reimbursed in the same month that the bill is paid.

Management's Response: *We agree with auditor recommendations. We do and will continue to monitor cell phone bills. The employee responsible for the large bill is no longer employed at this facility.*

2004-5

Condition: The River Center does not practice a policy of dual presence while accessing vault cash. Additionally, we noted that only one person signs off on the reconciliation vault cash. **This is a recurring condition that was also reported in the prior year management letter.**

Recommendation: Dual access should be required and practiced at all times or at least whenever possible. Furthermore, when the reconciliation of vault cash is performed, two individuals should count the cash and sign off on the reconciliation.

Management Response: *We agree with the auditors' recommendation. Vault counts will be performed with two parties signing off on the reconciliation sheet.*



This report is intended solely for the information of the River Center's management, the City of Baton Rouge's administration, and Legislative Auditor's Office, 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.

We have already discussed these comments and suggestions with certain members of 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 River Center staff for their patience and cooperation with us during the performance of the audit.

*Pestlethwaite ; Netterville*

