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CITY OF BAKER, LOUISIANA
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE
YEAR ENDED JUNE 30, 2005

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

Release Date 1/25/06

The Honorable Harold M. Rideau, Mayor

Council Members

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

**CITY OF BAKER, LOUISIANA
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditors' Report.....	1
 BASIC FINANCIAL STATEMENTS	
Required Supplemental Information (Part 1 of 2)	
Managements' Discussion and Analysis.....	4
 Government-Wide Financial Statements	
Statement of Net Assets.....	13
Statement of Activities.....	15
 Fund Financial Statements	
Governmental Funds:	
Balance Sheet.....	18
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	23
 Proprietary Funds:	
Statement of Net Assets.....	24
Statement of Revenues, Expenses and Changes in Net Assets.....	27
Statement of Cash Flows.....	29
 Notes to the Financial Statements	
Index.....	33
Notes.....	34
 Required Supplemental Information (Part 2 of 2)	
Budgetary Comparison Schedule – General Fund.....	59
Budgetary Comparison Schedule – Street Maintenance Fund.....	63

**CITY OF BAKER, LOUISIANA
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

TABLE OF CONTENTS

	<u>Page No.</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
General Fund:	
Comparative Balance Sheet.....	65
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	67
Special Revenue Funds:	
Combining Balance Sheet.....	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	82
911 Communications Fund	
Comparative Balance Sheet.....	84
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	85
Supplemental Pay Fund	
Comparative Balance Sheet.....	86
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	87
Fire/Police Special Tax Fund	
Comparative Balance Sheet.....	88
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	89
Street Maintenance/Construction Fund	
Comparative Balance Sheet.....	90
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	91
City Court Fund	
Comparative Balance Sheet.....	92
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	93

**CITY OF BAKER, LOUISIANA
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

TABLE OF CONTENTS

	<u>Page No.</u>
Enterprise Funds:	
Utility Fund	
Comparative Balance Sheet.....	94
Comparative Statement of Revenues, Expenses and Changes in Net Assets.....	97
Comparative Statement of Cash Flows.....	99
Comparative Schedule of Operating Expenses.....	101
Cemetery Fund	
Comparative Balance Sheet.....	103
Comparative Statement of Revenues, Expenses and Changes in Net Assets.....	105
Comparative Statement of Cash Flows.....	107
Comparative Schedule of Operating Expenses.....	109
City Parish Sewer Revenue Fund	
Comparative Balance Sheet.....	111
Comparative Statement of Revenues, Expenses and Changes in Net Assets.....	112
Comparative Statement of Cash Flows.....	113
Comparative Schedule of Operating Expenses.....	115
 SUPPLEMENTARY SCHEDULES AND INFORMATION	
Schedule of Compensation Paid to Governing Members.....	117
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	118
Schedule of Findings and Questioned Costs.....	120
Schedule of Prior Year Findings.....	121
Management's Corrective Action Plan.....	123
Management Letter.....	124

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Baker, Louisiana as of and for the year ended June 30, 2005, which collectively comprise the City of Baker, Louisiana's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Baker, Louisiana's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Baker, Louisiana as of June 30, 2005, and the respective changes in financial position (and cash flows where applicable) for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Harold M. Rideau, Mayor
and the Members of the City Council
Page Two

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2005, on our consideration of the City of Baker, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Baker, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



John D. Butler & Company
A Professional Accounting Corporation
December 14, 2005

REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 OF 2)

**CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2005**

As management of the City of Baker, we offer readers of the City of Baker's financial statements this narrative overview and analysis of the financial activities of the City of Baker for the fiscal year ended June 30, 2005. The emphasis of discussions about these statements will be on current year data.

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

Financial Highlights

- * The assets of the City of Baker exceeded its liabilities at the close of the most recent fiscal year by \$16,428,685 (net assets). Of this amount, \$6,707,907 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The City of Baker's total net assets increased by \$830,119. This is a combination of both holding down expenses and experiencing slightly higher revenues in the current year.
- * Interest earned is being retained to meet unanticipated future obligations and costs.
- * As of the close of the fiscal year, the City of Baker's governmental activities reported combined ending net assets of \$9,604,588, an increase of \$579,909 in comparison with the prior year. Of this amount, \$2,994,337 is available for spending at the government's discretion (unrestricted net assets).
- * The City's business-type activities reported an increase in net assets of \$268,822 to \$6,824,097. More than 50%, or \$3,713,570, is available for operations while \$335,465 is restricted for customer deposits and pre-need items.

Overview of the Financial Statements

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

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

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

**CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2005**

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

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

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

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

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

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

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

**CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2005**

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

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are indexed on page 33 and begin immediately after.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Baker's budgetary comparison schedules for its major governmental funds. The required supplementary information can be found on pages 59-63 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and enterprise funds are presented immediately following the required supplementary information on budgetary comparison schedules. Combining and individual fund statements and schedules can be found on pages 65-115 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Baker, assets exceeded liabilities by \$16,428,685 at the close of the most recent fiscal year.

**CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2005**

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

SUMMARY OF NET ASSETS

	Governmental Activities		Business-type Activities	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Assets:				
Current and other assets	\$ 7,778,000.85	\$ 7,774,854.29	\$ 5,153,075.71	\$ 5,008,260.67
Capital assets, net	<u>2,845,850.16</u>	<u>2,304,803.30</u>	<u>3,965,062.59</u>	<u>4,041,359.90</u>
Total Assets	10,623,851.01	10,079,657.59	9,118,138.30	9,049,620.57
Liabilities:				
Other liabilities	267,813.16	242,155.17	412,938.27	450,409.62
Long-term liabilities	<u>751,450.32</u>	<u>785,823.39</u>	<u>1,881,103.00</u>	<u>2,082,162.61</u>
Total Liabilities	<u>1,019,263.48</u>	<u>1,027,978.56</u>	<u>2,294,041.27</u>	<u>2,532,572.23</u>
Net Assets:				
Investment in capital assets, net of related debt	2,798,450.16	2,304,803.30	2,775,062.59	4,041,359.90
Restricted	3,811,800.20	3,725,250.90	335,464.82	284,761.00
Unrestricted	<u>2,994,337.17</u>	<u>3,021,624.83</u>	<u>3,713,569.62</u>	<u>2,190,927.44</u>
Total Net Assets	<u>9,604,587.53</u>	<u>9,051,679.03</u>	<u>6,824,097.03</u>	<u>6,517,048.34</u>

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

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

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

**CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2005**

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

SUMMARY OF CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:				
Charges for services	\$ 1,043,415.02	\$ 937,169.65	\$ 3,708,007.11	\$ 3,452,107.08
Operating grants and contributions	2,100.00	142,982.44	3,350.10	7,524.49
Capital grants and contributions	154,801.61	.00	.00	.00
General revenues:				
Sales taxes	3,987,811.97	3,746,274.73	.00	.00
Other revenues	<u>1,792,009.73</u>	<u>1,683,661.45</u>	<u>62,237.21</u>	<u>78,984.02</u>
Total Revenues	6,980,138.33	6,510,088.27	3,773,594.42	3,538,615.59
Expenses:				
General government	2,013,978.37	1,773,157.47	.00	.00
Culture and recreation	98,814.28	189,752.17	.00	.00
Intergovernmental	105,748.06	94,285.77	.00	.00
Public safety	3,135,671.63	3,341,922.80	.00	.00
Public works	1,500,052.77	1,646,396.04	.00	.00
Cemetery	.00	.00	159,308.00	157,508.93
City-Parish sewer	.00	.00	59,296.31	63,558.46
Utility	.00	.00	<u>2,850,744.13</u>	<u>2,778,394.96</u>
Total Expenses	<u>6,854,265.11</u>	<u>7,045,514.25</u>	<u>3,069,348.44</u>	<u>2,999,462.35</u>
Increase (decrease) in Net Assets before Transfers	125,873.22	(535,425.98)	704,245.98	539,153.24
Transfers, net	<u>414,112.31</u>	<u>285,945.55</u>	<u>(414,112.31)</u>	<u>(286,632.74)</u>
Increase (Decrease) in Net Assets	539,985.53	(249,480.43)	290,133.67	252,520.50
Net Assets, beginning of year	9,024,679.03	9,301,159.46	6,537,275.36	6,267,860.34
Adjustments to prior periods	<u>39,922.97</u>	<u>.00</u>	<u>(3,312.00)</u>	<u>(3,332.50)</u>
Net Assets, end of year	<u>9,604,587.53</u>	<u>9,051,679.03</u>	<u>6,824,097.03</u>	<u>6,517,048.34</u>

**CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2005**

Governmental Funds Budgetary Highlights

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

Revenues of the general fund came in at \$72,625 more than anticipated overall. The only categories that fell short of budgeted amounts were sales taxes by \$53,890 and interest earned by \$34,040. General government expenditures were \$144,159 or 3% less than budgeted after all revisions were made to the budget. Public safety expenditures were \$32,711 more than budgeted or 1%. Public works expended \$30,113 less than it budgeted and capital outlay was less than anticipated by \$17,278. Overall, all departments were able to hold their expenditures down in relation to the revenues received. The net change in fund balances had a positive variance of \$355,536.

Revenues of the street maintenance/construction fund were \$1,870 more than anticipated while expenditures were \$2,797,786 less than budgeted.

Capital Asset and Debt Administration

Capital Assets. The City of Baker's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$5,573,513 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, streets and bridges, equipment vehicles, utility systems and furniture and fixtures.

Capital assets as of June 30, 2005, are detailed in the following table.

**CAPITAL ASSETS
Net of Accumulated Depreciation**

	Governmental Activities		Business-type Activities	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 548,722.10	\$ 548,722.10	\$ 373,572.16	\$ 373,572.16
Buildings	95,326.09	147,519.90	161,369.99	100,954.08
Improvements other than Buildings	63,365.41	65,856.08	.00	.00
Streets and bridges	1,310,972.58	799,368.39	18,055.56	19,722.23
Equipment	249,084.42	144,323.59	69,675.67	75,919.92
Vehicles	571,489.26	598,714.81	4,645.63	16,076.74
Furniture and fixtures	6,890.30	9,951.44	3,998.83	6,376.69
Utilities	.00	.00	3,333,744.75	3,448,738.08
Total	<u>2,845,850.16</u>	<u>2,314,056.31</u>	<u>3,965,062.59</u>	<u>4,041,359.90</u>

**CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2005**

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

- A rescue unit for the Fire Department at a cost of \$75,000.
- Major computer upgrades at City Court, the Police and Finance/Utility Departments.
- A new vehicle purchased in the amount of \$21,018 for the Police Department.
- A new lawnmower for the Cemetery costing \$15,000.
- Renovations made to the Drivers' License building in excess of \$13,000.
- Safety and communication equipment purchased primarily through the use of grant proceeds for the Police Department in excess of \$71,000.

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

Long-term debt. At the end of the current fiscal year, the City of Baker had total bonded debt outstanding of \$1,190,000, all of which is backed by the full faith and credit of the City of Baker.

Additional information such as principal and interest payments remaining can be found in note 10 of this report.

Economic Factors and Next Year's Budget and Rates

A few of the highlights for the coming year are as follows:

- The police (\$119,376) and fire (\$103,000) departments will be receiving grants to purchase new equipment for their prospective departments that will help the City by freeing up money for other capital improvement projects.
- In addition, both retirement systems for police and fire was reduced.
- The City expects to receive \$244,000 from FEMA as reimbursement for services provided as a result of Hurricane Katrina. Other reimbursements, the amount not yet determined, are expected from both Hurricanes Katrina and Rita.
- Support from FEMA for the fire department providing services to Renaissance Village should be \$494,200 over the next 18 months.
- Businesses are expected to relocate to Baker as a result of Hurricanes Katrina and Rita.

**CITY OF BAKER LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2005**

- The sewerage project along Lavey Lane and Woodard Street should be completed in 2006.
- Construction on Highway 19 and Groom Road will start in the early part of 2006.

Request for Information

This financial report is designed to provide a general overview of the City of Baker's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Julie Pittman, Finance Director, City of Baker, P. O. Box 707, Baker, Louisiana 70704-0707, (225) 778-1751.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BAKER, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2005

<u>ASSETS</u>	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,896,085.68	\$ 1,300,700.00	\$ 3,196,785.68
Investments	1,177,817.39	1,471,132.72	2,648,950.11
Inventory, at cost	47,561.45	442,283.22	489,844.67
Due from other funds	89,004.44	-	89,004.44
Due from other governmental agencies	162,087.40	5,563.94	167,651.34
Receivables, net	682,426.62	548,629.81	1,231,056.43
Prepaid expenses	30,471.72	7,793.80	38,265.52
Restricted assets:			
Cash and cash equivalents	1,640,576.87	1,040,968.53	2,681,545.40
Investments	2,051,969.28	336,003.69	2,387,972.97
Capital assets, net	2,845,850.16	3,965,062.59	6,810,912.75
Total Assets	10,623,851.01	9,118,138.30	19,741,989.31
<u>LIABILITIES</u>			
Due to other funds	89,004.44	-	89,004.44
Due to other governmental agencies	26,971.80	413.49	27,385.29
Accounts payable	124,897.07	36,470.63	161,367.70
Other payables	2,150.00	-	2,150.00
Accrued payables	-	8,802.74	8,802.74
Deferred revenue	24,789.85	2,287.00	27,076.85
Bonds payable	-	277,000.00	277,000.00
Merchandise payable	-	87,964.41	87,964.41
Accrued payables - long-term portion	751,450.32	247,234.38	998,684.70
Bonds payable - long-term portion	-	913,000.00	913,000.00
Merchandise payable - long-term portion	-	473,368.21	473,368.21
Customer deposits	-	247,500.41	247,500.41
Total Liabilities	1,019,263.48	2,294,041.27	3,313,304.75

Continued

CITY OF BAKER, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2005

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 2,798,450.16	\$ 2,775,062.59	\$ 5,573,512.75
Restricted for:			
Customer deposits	-	247,500.41	247,500.41
Fire/police salaries	339,143.73	-	339,143.73
Inventory	47,561.45	-	47,561.45
Pre-need items	-	87,964.41	87,964.41
Street maintenance/construction	3,425,095.02	-	3,425,095.02
Unrestricted	2,994,337.17	3,713,569.62	6,707,906.79
Total Net Assets	9,604,587.53	6,824,097.03	16,428,684.56

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net Revenues (Expenses)</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Governmental Activities						
General government	\$ 2,013,978.37	\$ 74,869.07	\$ -	\$ 4,632.00	\$ (1,934,477.30)	\$ (1,934,477.30)
Culture and recreation	98,814.28	6,013.00	2,100.00	-	(90,701.28)	(90,701.28)
Intergovernmental	105,748.06	182,254.23	-	20,000.00	96,506.17	96,506.17
Public safety	3,135,671.63	117,739.38	-	130,169.61	(2,887,762.64)	(2,887,762.64)
Public works	1,500,052.77	662,539.34	-	-	(837,513.43)	(837,513.43)
Total Governmental Activities	6,854,265.11	1,043,415.02	2,100.00	154,801.61	(5,653,948.48)	(5,653,948.48)
Business-Type Activities						
Utility	2,850,744.13	3,484,283.23	3,350.10	-	-	636,889.20
Cemetery	159,308.00	152,361.07	-	-	-	(6,946.93)
City Parish sewer revenue	59,296.31	71,362.81	-	-	-	12,066.50
Total Business-Type Activities	3,069,348.44	3,708,007.11	3,350.10	-	-	642,008.77
Total Primary Government	9,923,613.55	4,751,422.13	5,450.10	154,801.61	(5,653,948.48)	(5,011,939.71)
General Revenues and Transfers						
Taxes:						
Sales					3,987,811.97	3,987,811.97
Franchise					457,162.15	457,162.15
Property					221,801.12	221,801.12
Teleprompter					118,974.14	118,974.14
Other					153,104.25	153,104.25

CITY OF BAKER, LOUISIANA
STATEMENT OF ACTIVITIES (Continued)
YEAR ENDED JUNE 30, 2005

	<u>Net Revenues (Expenses)</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Licenses and permits	\$ 372,939.22	\$ -	\$ 372,939.22
City court receipts	285,170.84	-	285,170.84
Interest earnings	125,678.87	58,315.21	183,994.08
Other revenues	57,179.14	3,922.00	61,101.14
Transfers, net	414,112.31	(414,112.31)	-
Total General Revenues and Transfers	6,193,934.01	(351,875.10)	5,842,058.91
Change in Net Assets	539,985.53	290,133.67	830,119.20
Net Assets, beginning	9,024,679.03	6,537,275.36	15,561,954.39
Adjustments to prior periods	39,922.97	(3,312.00)	36,610.97
Net Assets, ending	9,604,587.53	6,824,097.03	16,428,684.56

The accompanying notes are an integral part of this statement

FUND FINANCIAL STATEMENTS

CITY OF BAKER, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	<u>General</u>	<u>Street Maintenance/ Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,816,579.04	\$ -	\$ 79,506.64	\$ 1,896,085.68
Investments	1,127,376.98	-	50,440.41	1,177,817.39
Inventory, at cost	47,561.45	-	-	47,561.45
Due from other funds	-	-	89,004.44	89,004.44
Due from other governmental agencies	-	66,920.63	95,166.77	162,087.40
Receivables:				
Accounts, net	228,908.00	-	-	228,908.00
Taxes, net	449,826.05	-	-	449,826.05
Accrued interest	3,673.84	18.73	-	3,692.57
Prepaid expenses	30,471.72	-	-	30,471.72
Restricted assets:				
Cash and cash equivalents	90,413.53	1,366,884.20	183,279.14	1,640,576.87
Investments	-	1,991,271.46	60,697.82	2,051,969.28
TOTAL ASSETS	3,794,810.61	3,425,095.02	558,095.22	7,778,000.85

LIABILITIES AND FUND BALANCES

Liabilities:				
Due to other funds	9,235.00	-	79,769.44	89,004.44
Due to other governmental agencies	26,971.80	-	-	26,971.80
Accounts payable	121,633.75	-	3,263.32	124,897.07
Other payables	2,050.00	-	100.00	2,150.00
Deferred revenue	24,789.85	-	-	24,789.85
Total Liabilities	184,680.40	-	83,132.76	267,813.16

Continued

CITY OF BAKER, LOUISIANA
BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
JUNE 30, 2005

	<u>General</u>	<u>Street Maintenance/ Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Reserved for:				
Fire/police salaries	\$ -	\$ -	\$ 339,143.73	\$ 339,143.73
Inventory	47,561.45	-	-	47,561.45
Street maintenance/construction	-	3,425,095.02	-	3,425,095.02
Unreserved, designated for:				-
911 services	-	-	120,440.41	120,440.41
Beautification and grounds	100,447.15	-	-	100,447.15
Capital improvements	180,837.26	-	-	180,837.26
Condemnation	22,789.69	-	-	22,789.69
Court operations	-	-	15,378.32	15,378.32
Fire protection	856.22	-	-	856.22
Insurance	26,945.55	-	-	26,945.55
Law enforcement	38,380.34	-	-	38,380.34
Recreation	2,674.77	-	-	2,674.77
Special events	11,285.75	-	-	11,285.75
Unreserved, undesignated	3,178,352.03	-	-	3,178,352.03
Total Fund Balances	3,610,130.21	3,425,095.02	474,962.46	7,510,187.69
TOTAL LIABILITIES AND FUND BALANCES	3,794,810.61	3,425,095.02	558,095.22	7,778,000.85

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2005

Total Fund Balances - Total Governmental Funds	\$ 7,510,187.69
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Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet. This is the capital assets, net of accumulated depreciation, reported on the Statement of Net Assets.	2,845,850.16
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet. This is the long-term liabilities reported on the Statement of Net Assets:

Compensated absences payable	(676,450.32)
Claims and judgements	<u>(75,000.00)</u>
Total Net Assets - Governmental Activities	<u><u>9,604,587.53</u></u>

CITY OF BAKER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	<u>General</u>	<u>Street Maintenance/ Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Intergovernmental revenues	\$ 76,254.23	\$ -	\$ 126,000.00	\$ 202,254.23
Taxes:				
Sales	2,746,568.58	549,212.45	692,030.94	3,987,811.97
Franchise	457,162.15	-	-	457,162.15
Property	221,801.12	-	-	221,801.12
Teleprompter	118,974.14	-	-	118,974.14
Industrial	52,795.00	-	-	52,795.00
Occupancy	45,000.00	-	-	45,000.00
Firemen's	39,773.03	-	-	39,773.03
Chain store	9,311.30	-	-	9,311.30
Beer	6,224.92	-	-	6,224.92
Licenses and permits	372,939.22	-	-	372,939.22
Charges for services	800,804.95	-	60,355.84	861,160.79
City court receipts	285,170.84	-	-	285,170.84
Interest earned	73,359.61	47,657.57	4,661.69	125,678.87
Other revenues	174,184.91	-	26,966.21	201,151.12
Total Revenues	5,480,324.00	596,870.02	910,014.68	6,987,208.70

EXPENDITURES

General government	1,991,541.73	-	61,891.06	2,053,432.79
Public safety	2,381,929.45	-	711,279.28	3,093,208.73
Public works	1,384,568.22	9,889.47	-	1,394,457.69
Capital outlay	243,972.50	592,324.18	64,859.52	901,156.20
Total Expenditures	6,002,011.90	602,213.65	838,029.86	7,442,255.41

Continued

CITY OF BAKER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	<u>General</u>	<u>Street Maintenance/ Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (521,687.90)	\$ (5,343.63)	\$ 71,984.82	\$ (455,046.71)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	453,246.63	-	-	453,246.63
Operating transfers out	(33,173.27)	-	(5,961.05)	(39,134.32)
Total Other Financing Sources (Uses)	420,073.36	-	(5,961.05)	414,112.31
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(101,614.54)	(5,343.63)	66,023.77	(40,934.40)
Fund Balances, beginning	3,671,821.78	3,430,438.65	408,938.69	7,511,199.12
Adjustments to prior periods	39,922.97	-	-	39,922.97
Fund Balances, ending	3,610,130.21	3,425,095.02	474,962.46	7,510,187.69

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005**

Change in Fund Balances - Total Governmental Funds	\$ (40,934.40)
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Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation charged in the current period.	538,733.16
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Governmental funds report gross proceeds from the sale of capital
assets as current resources. In the Statement of Net Assets, however,
recognition of the difference between proceeds and book value gives
rise to either a gain or loss.

Gross proceeds from sale of capital assets	(11,447.68)
Net loss of sale of capital assets	<u>(2,651.81)</u>

Change in Net Assets - Governmental Activities	<u><u>\$ 483,699.27</u></u>
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CITY OF BAKER, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Business-Type Activities Enterprise Funds			
	Utility	Cemetery	City Parish Sewer Revenue	Total
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 1,225,700.00	\$ 50,000.00	\$ 25,000.00	\$ 1,300,700.00
Investments	1,100,939.83	217,691.56	152,501.33	1,471,132.72
Inventory	56,650.79	385,632.43	-	442,283.22
Due from other govt. agencies	-	-	5,563.94	5,563.94
Accounts receivable, net	526,823.00	16,045.43	-	542,868.43
Accrued interest receivable	5,761.38	-	-	5,761.38
Prepaid expenses	1,366.47	-	6,427.33	7,793.80
Total Current Assets	2,917,241.47	669,369.42	189,492.60	3,776,103.49
Restricted Assets:				
Cash and cash equivalents	1,040,968.53	-	-	1,040,968.53
Investments	248,039.28	87,964.41	-	336,003.69
Total Restricted Assets	1,289,007.81	87,964.41	-	1,376,972.22
Capital Assets:				
Land	243,572.16	130,000.00	-	373,572.16
Buildings	63,035.05	170,881.46	-	233,916.51
Equipment	903,222.11	113,895.08	4,075.49	1,021,192.68
Vehicles	224,792.91	21,078.80	-	245,871.71
Furniture	98,763.93	2,772.00	-	101,535.93
Utility systems	7,500,349.09	-	-	7,500,349.09
Streets	-	50,000.00	-	50,000.00
Total Capital Assets	9,033,735.25	488,627.34	4,075.49	9,526,438.08
Accumulated depreciation	(5,340,191.81)	(217,108.19)	(4,075.49)	(5,561,375.49)
Net Capital Assets	3,693,543.44	271,519.15	-	3,965,062.59
TOTAL ASSETS	7,899,792.72	1,028,852.98	189,492.60	9,118,138.30

Continued

CITY OF BAKER, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
JUNE 30, 2005

	Business-Type Activities			
	Enterprise Funds			
	Utility	Cemetery	City Parish Sewer Revenue	Total
<u>LIABILITIES</u>				
Current Liabilities:				
Payable from current assets:				
Due to other govt. agencies	\$ 413.49	\$ -	\$ -	\$ 413.49
Accounts payable	29,713.32	6,757.31	-	36,470.63
Merchandise payable	-	28,066.63	-	28,066.63
Deferred revenue	-	2,287.00	-	2,287.00
Total Current Liabilities,				
Payable from Current Assets	30,126.81	37,110.94	-	67,237.75
Payable from restricted assets:				
Accrued interest payable	8,802.74	-	-	8,802.74
Merchandise payable	-	59,897.78	-	59,897.78
Revenue bonds payable	277,000.00	-	-	277,000.00
Customer deposits	247,500.41	-	-	247,500.41
Total Current Liabilities,				
Payable from Restricted Assets	533,303.15	59,897.78	-	593,200.93
Total Current Liabilities	563,429.96	97,008.72	-	660,438.68
Long-Term Liabilities:				
Compensated absences	198,533.68	43,479.55	5,221.15	247,234.38
Merchandise payable	-	473,368.21	-	473,368.21
Revenue bonds payable	149,031.47	-	-	149,031.47
Payable from restricted assets:				
Revenue bonds payable	763,968.53	-	-	763,968.53
Total Long-Term Liabilities	1,111,533.68	516,847.76	5,221.15	1,633,602.59
Total Liabilities	1,674,963.64	613,856.48	5,221.15	2,294,041.27

CITY OF BAKER, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
JUNE 30, 2005

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$ 2,503,543.44	\$ 271,519.15	\$ -	\$ 2,775,062.59
Restricted for:				
Customer deposits	247,500.41	-	-	247,500.41
Pre-need items	-	87,964.41	-	87,964.41
Unrestricted	3,473,785.23	55,512.94	184,271.45	3,713,569.62
Total Net Assets	6,224,829.08	414,996.50	184,271.45	6,824,097.03

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005

	Business-Type Activities Enterprise Funds			
	Utility	Cemetery	City Parish Sewer Revenue	Total
<u>OPERATING REVENUES</u>				
Charges for services	\$ 3,013,801.62	\$ -	\$ 71,362.81	\$ 3,085,164.43
Sales, net of cost of goods sold	-	152,361.07	-	152,361.07
Sewer fees	469,724.89	-	-	469,724.89
Other operating revenues	756.72	-	-	756.72
Total Operating Revenues	3,484,283.23	152,361.07	71,362.81	3,708,007.11
<u>OPERATING EXPENSES</u>				
Administrative	79,324.14	8,277.25	1,074.20	88,675.59
Depreciation	231,819.57	14,294.24	-	246,113.81
Employee and related expenses	804,891.50	115,675.18	43,122.47	963,689.15
Occupancy	59,876.22	7,696.33	-	67,572.55
Personal services	1,610,302.08	13,365.00	15,099.64	1,638,766.72
Total Operating Expenses	2,786,213.51	159,308.00	59,296.31	3,004,817.82
Operating Income (Loss)	698,069.72	(6,946.93)	12,066.50	703,189.29
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Interest earned	44,006.67	9,653.05	4,655.49	58,315.21
Lease income	-	3,922.00	-	3,922.00
Contributions	3,350.10	-	-	3,350.10

Continued

CITY OF BAKER, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS (Continued)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005

	Business-Type Activities Enterprise Funds			Total
	Utility	Cemetery	City Parish Sewer Revenue	
Bond-related expenses	\$ -	\$ -	\$ -	\$ -
Interest expense	(64,530.62)	-	-	(64,530.62)
Total Non-Operating Revenues (Expenses)	(17,173.85)	13,575.05	4,655.49	1,056.69
Income Before Operating Transfers	680,895.87	6,628.12	16,721.99	704,245.98
<u>OPERATING TRANSFERS</u>				
Operating transfers in	1,806.98	31,366.29	-	33,173.27
Operating transfers out	(366,674.32)	(56,425.36)	(24,185.90)	(447,285.58)
Total Operating Transfers	(364,867.34)	(25,059.07)	(24,185.90)	(414,112.31)
Change in Net Assets	316,028.53	(18,430.95)	(7,463.91)	290,133.67
Net Assets, beginning	5,908,800.55	436,739.45	191,735.36	6,537,275.36
Adjustments to prior periods	-	(3,312.00)	-	(3,312.00)
Net Assets, ending	6,224,829.08	414,996.50	184,271.45	6,824,097.03

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005

	Business-Type Activities		
	Enterprise Funds		City Parish
	<u>Utility</u>	<u>Cemetery</u>	<u>Sewer Revenue</u> <u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,439,026.86	\$ 194,532.65	\$ 73,188.74 \$ 3,706,748.25
Cash paid to suppliers for goods/services	(1,735,028.01)	(73,452.82)	(15,125.10) (1,823,605.93)
Cash paid to employees for services	(797,175.41)	(114,332.36)	(43,308.08) (954,815.85)
Net Cash Provided by Operating Activities	906,823.44	6,747.47	14,755.56 928,326.47
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers in	1,806.98	31,366.29	- 33,173.27
Operating transfers out	(366,674.32)	(56,425.36)	(24,185.90) (447,285.58)
Net Cash Used for Non-Capital Financing Activities	(364,867.34)	(25,059.07)	(24,185.90) (414,112.31)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributed by property owners	3,350.10	-	- 3,350.10
Interest received from bond proceeds	14,642.16	-	- 14,642.16

CITY OF BAKER, LOUISIANA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005

	Business-Type Activities			Total
	Enterprise Funds		City Parish	
	Utility	Cemetery	Sewer Revenue	
Acquisition of capital assets	\$ (142,644.50)	\$ (27,172.00)	\$ -	\$ (169,816.50)
Interest paid on bonds	(66,483.50)	-	-	(66,483.50)
Principal paid on bond maturities	(264,000.00)	-	-	(264,000.00)
Net Cash Used for Capital and Related Activities	(455,135.74)	(27,172.00)	-	(482,307.74)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received from investments	25,415.02	9,653.05	4,655.49	39,723.56
Income received from leases	-	3,922.00	-	3,922.00
Purchase/maturities of securities	321,245.72	(47,839.11)	4,774.85	278,181.46
Net Cash Provided by (Used for) Investing Activities	346,660.74	(34,264.06)	9,430.34	321,827.02
Net Increase (Decrease) in Cash and Cash Equivalents	433,481.10	(79,747.66)	-	353,733.44
Cash and Cash Equivalents, beginning of year	1,833,187.43	129,747.66	25,000.00	1,987,935.09
Cash and Cash Equivalents, end of year	2,266,668.53	50,000.00	25,000.00	2,341,668.53

CITY OF BAKER, LOUISIANA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005

**RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

	Business-Type Activities Enterprise Funds			Total
	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	
Operating income (loss)	\$ 699,876.70	\$ (6,946.93)	\$ 12,066.50	\$ 704,996.27
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	231,819.57	14,294.24	-	246,113.81
(Increase) decrease in assets:				
Inventory	(3,832.65)	3,708.60	-	(124.05)
Accounts receivable	(87,743.44)	107.88	1,825.93	(85,809.63)
Prepaid expenses	-	-	1,048.74	1,048.74
Increase (decrease) in liabilities:				
Accounts payable	18,307.08	4,538.36	-	22,845.44
Merchandise payable	-	(10,297.50)	-	(10,297.50)
Compensated absences payable	5,909.11	1,342.82	(185.61)	7,066.32
Customer deposits	42,487.07	-	-	42,487.07
Net Cash Provided by Operating Activities	906,823.44	6,747.47	14,755.56	928,326.47

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF BAKER, LOUISIANA
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

<u>Note No.</u>	<u>Description</u>	<u>Page No.</u>
	Introduction.....	34
1	Summary of Significant Accounting Policies.....	34
2	Cash and Cash Equivalents.....	42
3	Investments	43
4	Receivables	43
5	Capital Assets.....	44
6	Pension Plan.....	46
7	Post-employment Benefits.....	48
8	Accounts and Other Payables	49
9	Compensated Absences	50
10	Long-Term Debt	50
11	Deferred Revenue	51
12	Restricted and Designated Net Assets	52
13	Adjustments to Prior Periods	53
14	Interfund Receivables and Payables	53
15	Intergovernmental Receivables and Payables.....	53
16	Interfund Transfers.....	54
17	Leases.....	54
18	Property Taxes	54
19	Business-Type Activities - Segment Information.....	55
20	Related Party Transactions	57
21	Litigation.....	57
22	Subsequent Events	57

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

INTRODUCTION

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of certain significant accounting policies:

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

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

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

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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

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

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

Eliminating Internal Activity

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

Application of FASB Statements and Interpretations

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

Capitalizing Assets

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

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

Program Revenues

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

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the City has chosen not to do so.

Operating Revenues

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

Reserved Net Assets

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

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

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

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

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

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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

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

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

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

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

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

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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

1. A letter of request is sent on or about April 1st to each department head requesting submission of operating budget requirements to the Mayor by May 1st. Capital budget and program requests along with substantiation in detail of need and cost are submitted by April 15th. Adding an estimate of revenues available for capital purposes for the next 5 years, the Mayor forwards the capital budget and program requests to the Planning Commission.

2. The Planning Commission submits its recommendations for the capital budget to the Mayor by May 1st including a listing by priorities of requested projects not included by reason of financing and a list of projects disapproved, together with the reasons therefore;

3. The Mayor consolidates all departmental requests and any recommended changes for presentation to the Council by May 15th of the operating budget and capital budget;

4. Following such public hearings as the Council deems necessary, the budgets are adopted no later than June 15th.

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

If an appropriations ordinance is not passed consistent with the budget, 50% of the prior year appropriation is deemed re-appropriated. Appropriations lapse at year-end. Amendments were made to the budget during the fiscal year. Control is at the departmental level where expenditures may not legally exceed appropriations.

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

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

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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

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

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

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

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

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

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

	<u>Customer Deposits</u>	<u>Merchandise</u>	<u>Total</u>
Cash	\$.00	\$ 87,964.41	\$ 87,964.41
Investments	107,500.41	.00	107,500.41
Certificates of deposit	140,000.00	.00	140,000.00
Total	<u>247,500.41</u>	<u>87,964.41</u>	<u>335,464.55</u>

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

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

Components of restricted assets for governmental activities are as follows:

	<u>Safety/ Grounds</u>	<u>Street Maint./ Construction</u>	<u>Fire/Police Salaries & Equip.</u>	<u>Total</u>
Cash	\$ 90,413.53	\$ 1,338,754.20	\$ 183,279.14	\$ 1,612,446.87
Investments	.00	1,991,271.46	60,697.82	2,051,969.28
Certificates of deposit	.00	28,130.00	.00	28,130.00
Total	<u>90,413.53</u>	<u>3,358,155.66</u>	<u>243,976.96</u>	<u>3,692,546.15</u>

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

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

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

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

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

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

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

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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

At June 30, 2005, employees of the City had accumulated and vested \$751,450.32 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.150.

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

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

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Assets

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

Unrestricted Net Assets

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

In the balance sheet of governmental funds, fund balances are segregated as follows:

Reserved

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

Unreserved

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

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

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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

NOTE 2 - CASH AND CASH EQUIVALENTS

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

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

The cash and cash equivalents on hand at June 30, 2005, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Petty cash	\$ 1,767.00	\$ 700.00
Demand deposits	2,272,781.98	375,000.00
Interest-bearing demand deposits	77,723.57	106,773.35
Time deposits	<u>1,184,390.00</u>	<u>1,859,195.18</u>
Total	<u>3,536,662.55</u>	<u>2,341,668.53</u>

Of these amounts, \$1,640,576.87 and \$1,040,968.53 is restricted for governmental and business-type activities, respectively. The City does not have any cash and cash equivalents exposed to custodial credit risk.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 3 - INVESTMENTS

Investments are categorized into these three categories of credit risk:

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

All investments of the City fall within category 1. The balances at June 30, 2005, are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Carrying Amount</u>
Certificates of deposit	\$ 307,437.92	\$ 307,437.92	\$ 307,437.92
Government agencies	4,729,485.16	4,793,919.16	4,729,485.16
Total	<u>5,036,923.08</u>	<u>5,101,357.08</u>	<u>5,036,923.08</u>

NOTE 4 - RECEIVABLES

The net receivables, with the exception of interfund and intergovernmental transactions, of \$1,231,056.43 as of June 30, 2005, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Accounts	\$ 228,908.00	\$.00	\$ 542,868.43	\$ 771,776.43
Taxes	449,826.05	.00	.00	559,826.05
Accrued interest	3,673.84	18.73	5,761.38	9,453.95
Total	<u>682,407.89</u>	<u>18.73</u>	<u>548,629.81</u>	<u>1,231,056.43</u>

Utility meters are read between the 1st and 15th of each month and bills are computed and mailed in three cycles by the 25th of each month. The amount of gas and water used from the date the meter is read until the end of the month is an unbilled receivable in the Utility Fund. It is reflected in the accompanying financial statements at June 30, 2005 and 2004, as \$146,121.36 and \$126,549.99.

An allowance for bad debts is determined by a percentage based on prior years' experience. At June 30, 2005 and 2004, the allowance was calculated as \$47,053.01 and \$39,250.36, respectively, in the Utility Fund. The allowance in the Cemetery Fund at June 30, 2005 and 2004, was \$842.58.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 548,722.10	\$.00	\$.00	\$ 548,722.10
Capital Assets, being depreciated				
Buildings	1,965,281.45	.00	.00	1,965,281.45
Less: accumulated depreciation	1,817,761.55	52,193.81*	.00	1,869,955.36
Net	147,519.90	(52,193.81)	.00	95,326.09
Improvements other than buildings	2,634,828.23	13,132.02	.00	2,625,175.23
Less: accumulated depreciation	2,568,972.15	15,622.69*	.00	2,568,972.15
Net	65,856.08	(2,490.67)	.00	63,365.41
Streets and bridges	1,090,027.22	592,324.18	.00	1,682,351.40
Less: accumulated depreciation	290,658.83	80,719.99*	.00	371,378.82
Net	799,368.39	511,604.19	.00	1,310,972.58
Equipment	1,286,270.07	199,094.59	29,584.00	1,455,780.66
Less: accumulated depreciation	1,141,946.48	88,024.64*	23,274.88	1,206,696.24
Net	144,323.59	111,069.95	(6,309.12)	249,084.42
Vehicles	2,166,500.49	96,017.94	42,335.22	2,220,183.21
Less: accumulated depreciation	1,567,785.68	122,239.09*	41,330.82	1,648,693.95
Net	598,714.81	(26,221.15)	(1,004.40)	571,489.26
Furniture and fixtures	162,687.71	587.47	2,443.80	160,831.38
Less: accumulated depreciation	152,736.27	3,622.82*	2,418.01	153,941.08
Net	9,951.44	(3,035.35)	(25.79)	6,890.30
Capital Assets, being depreciated, net	1,765,334.21	538,733.16	(7,339.31)	2,297,128.06
Capital Assets, net	2,314,056.31	538,733.16	(7,339.31)	2,845,850.16

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets, not being depreciated				
Land	\$ 373,572.16	\$.00	\$.00	\$ 373,572.16
Capital Assets, being depreciated				
Buildings	166,591.51	67,325.00	.00	233,916.51
Less: accumulated depreciation	<u>65,637.43</u>	<u>6,909.09</u>	<u>.00</u>	<u>72,546.52</u>
Net Buildings	100,954.08	60,415.91	.00	161,369.99
Equipment	1,236,553.31	22,834.00	.00	1,259,387.31
Less: accumulated depreciation	<u>1,160,633.39</u>	<u>29,078.25</u>	<u>.00</u>	<u>1,189,711.64</u>
Net Equipment	75,919.92	(6,244.25)	.00	69,675.67
Vehicles	245,871.71	.00	.00	245,871.71
Less: accumulated depreciation	<u>229,794.97</u>	<u>11,431.11</u>	<u>.00</u>	<u>241,226.08</u>
Net Vehicles	16,076.74	(11,431.11)	.00	4,645.63
Furniture and fixtures	98,763.93	2,772.00	.00	101,535.93
Less: accumulated depreciation	<u>92,387.24</u>	<u>5,149.86</u>	<u>.00</u>	<u>97,537.10</u>
Net Furniture and fixtures	6,376.69	(2,377.86)	.00	3,998.83
Utility systems	7,185,268.96	76,885.50	.00	7,262,154.46
Less: accumulated depreciation	<u>3,736,530.88</u>	<u>191,878.83</u>	<u>.00</u>	<u>3,928,409.71</u>
Net Utility systems	3,448,738.08	(114,993.33)	.00	3,333,744.75
Streets	50,000.00	.00	.00	50,000.00
Less: accumulated depreciation	<u>30,277.77</u>	<u>1,666.67</u>	<u>.00</u>	<u>31,944.44</u>
Net Streets	19,722.23	(1,666.67)	.00	18,055.56
Capital Assets, being depreciated, net	<u>3,667,787.74</u>	<u>(76,297.31)</u>	<u>.00</u>	<u>3,583,656.43</u>
Capital Assets, net	<u>4,041,359.90</u>	<u>(76,297.31)</u>	<u>.00</u>	<u>3,965,062.59</u>

*Depreciation expense was charged to governmental functions as follows:

General government	\$ 103,188.42
Public safety	144,240.84
Public works	<u>114,993.78</u>
 Total	 <u>362,423.04</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 6 - PENSION PLAN

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

A. Municipal Employees Retirement System of Louisiana (System)

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

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

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

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The current rate is 6.75 percent of annual covered payroll. The contribution requirements of plan members and the City was established and may be amended by state statute. As provided by La. Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System under Plan A for the years ended June 30, 2005, 2004 and 2003, were \$266,833.27, \$200,080.31 and \$126,018.82, respectively, equal to the required contributions for each year.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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

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

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

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by La. Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 2005, 2004 and 2003 were 257,852.98, \$142,304.35 and \$97,640.74, respectively, equal to the statutorily required contribution for each year.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

C. Firefighters' Retirement System of Louisiana (System)

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

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

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the East Baton Rouge Parish Fire Protection District is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the East Baton Rouge Parish Fire Protection District are established and may be amended by state statute. As provided by La. Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 2005, 2004 and 2003, were \$129,239.29, \$100,784.03 and \$47,818.25, respectively, equal to the statutorily required contribution for each year.

NOTE 7 – POST-EMPLOYMENT BENEFITS

The City provides, as a post-employment benefit to retirees, 80% of medical insurance premiums per retiree until he/she reaches age 65. This benefit was approved by the Mayor and Council in the year in which it was enacted. The City remits the full premium on the 15th of each month. The participants remit their portion by the 1st of each month.

During the year ended June 30, 2005, there were 26 participants at an annual cost to the City of \$158,856.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 8 - ACCOUNTS AND OTHER PAYABLES

The payables, with the exception of interfund and intergovernmental transactions, of \$3,244,837.85 at June 30, 2005, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Accounts	\$ 121,633.75	\$ 3,263.32	\$ 36,470.63	\$ 161,367.70
Accrued interest	.00	.00	8,802.74	8,802.74
Compensated absences	751,450.32	.00	247,234.38	998,684.70
Bonds	.00	.00	1,190,000.00	1,190,000.00
Merchandise	.00	.00	561,332.62	561,332.62
Customer deposits	.00	.00	247,500.41	247,500.41
Other	<u>77,050.00</u>	<u>100.00</u>	<u>.00</u>	<u>77,150.00</u>
Total	<u>950,134.07</u>	<u>3,363.32</u>	<u>2,291,340.78</u>	<u>3,244,837.85</u>

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

It has been determined that as of June 30, 2005, the City had obligations for prepaid items, listed as merchandise above, as follows:

Interments	\$ 227,410.62
Memorial markers	117,478.00
Vaults	<u>216,444.00</u>
Total	<u>561,332.62</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 9 - COMPENSATED ABSENCES

Computed in accordance with GASB Codification Section C60, employees of the City had accumulated and vested \$923,684.70 of employee leave benefits at June 30, 2005. Governmental activities recorded \$751,450.32 of these benefits in the statement of net assets. This amount is not included in the fund financial statements for general and special revenue funds. Business-type activities recorded \$247,234.38 of compensated absences in the statement of net assets. This amount is also included in the fund financial statements for enterprise funds in accordance with the measurement focus utilized by proprietary funds.

NOTE 10 - LONG-TERM DEBT

The following is a summary of long-term debt incurred as of June 30, 2005:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>
Governmental Activities:				
Claims/judgments	\$ 75,000.00	\$.00	\$.00	\$ 75,000.00
Compensated absences	<u>710,823.39</u>	<u>759,059.71</u>	<u>718,432.78</u>	<u>751,450.32</u>
Total Governmental Activities	<u>785,823.39</u>	<u>759,059.71</u>	<u>718,432.78</u>	<u>826,450.32</u>
Business-Type Activities:				
Compensated absences	\$ 238,361.08	\$ 71,996.18	\$ 63,122.88	\$ 247,234.38
Merchandise	568,318.12	3,312.00	10,297.50	561,332.62
Revenue bonds	<u>1,454,000.00</u>	<u>.00</u>	<u>264,000.00</u>	<u>1,190,000.00</u>
Total Business-Type Activities	<u>2,260,679.20</u>	<u>75,308.18</u>	<u>337,420.38</u>	<u>1,998,567.00</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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

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

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
5/01/06	\$ 277,000.00	\$ 54,293.75
5/01/07	290,000.00	41,655.63
5/01/08	305,000.00	28,035.00
5/01/09	<u>318,000.00</u>	<u>7,662.00</u>
Total	<u>1,190,000.00</u>	<u>131,646.38</u>

NOTE 11 - DEFERRED REVENUE

Deferred revenue of \$27,076.85 at June 30, 2005, is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Civic Center fees	\$ 20,125.00	\$.00
Court fees	4,664.85	.00
Collection fees	<u>.00</u>	<u>2,287.00</u>
Total	<u>24,789.85</u>	<u>2,287.00</u>

The Civic Center requires a cash deposit in order to reserve a date for use of the facilities. Deposits paid for dates beyond June 30, 2005, created deferred revenue of \$20,125 at year-end.

The City received \$4,664.85 in advance court fees.

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

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 12 - RESTRICTED AND DESIGNATED NET ASSETS

The following is a summary of restricted and designated net assets at June 30, 2005:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Restricted for:		
Customer deposits	\$.00	\$ 247,500.41
Fire/police salaries	339,143.73	.00
Inventory	47,561.45	.00
Pre-need items	.00	87,964.41
Street maintenance/construction	<u>3,425,095.02</u>	<u>.00</u>
 Total Restricted for:	 <u>3,811,800.20</u>	 <u>335,464.82</u>
 Designated for:		
911 services	120,440.41	.00
Beautification and grounds	100,447.15	.00
Capital improvements	180,837.26	.00
Condemnation	22,789.69	.00
Court operations	15,378.32	.00
Fire protection	856.22	.00
Insurance	26,945.55	.00
Law enforcement	38,380.34	.00
Recreation	2,674.77	.00
Special events	<u>11,285.75</u>	<u>.00</u>
 Total Designated for:	 <u>520,035.46</u>	 <u>.00</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 13 – ADJUSTMENTS TO PRIOR PERIODS

Adjustments to prior periods represent corrections to the financial statements of prior years. The following adjustments were made as of June 30, 2005:

Governmental Activities

Reclassification of weed-cutting fees earned	<u>\$ 39,922.97</u>
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Business-Type Activities

Unrecorded liability for pre-need items	<u>\$ 3,312.00</u>
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NOTE 14 – INTERFUND RECEIVABLES AND PAYABLES

Amounts due to/from other funds within the City at June 30, 2005, are as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$.00	\$ 9,235.00
Special Revenue Funds:		
Supplemental Pay Fund	79,769.44	.00
City Court Fund	9,235.00	.00
Fire/Police Special Tax Fund	<u>.00</u>	<u>79,769.44</u>
 Total	 <u>89,004.44</u>	 <u>89,004.44</u>

NOTE 15 - INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

The following is a summary of amounts due to/from other governmental agencies at June 30, 2005:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$.00	\$ 26,971.80
Special Revenue Funds:		
Street Maintenance	66,920.63	.00
Fire/Police Special Tax Fund	95,166.77	.00
Enterprise Funds:		
City Parish Sewer Revenue	5,563.94	.00
Utility	<u>.00</u>	<u>413.49</u>
 Total	 <u>167,651.34</u>	 <u>27,385.29</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 16 – INTERFUND TRANSFERS

Transfers to and from funds within the City for the year ended June 30, 2005, were as follows:

<u>Fund</u>	<u>To</u>	<u>From</u>
General Fund	\$ 453,246.63	\$ 33,173.27
Utility Fund	1,806.98	366,674.32
Cemetery Fund	31,366.29	56,525.36
Sewer Revenue Fund	.00	24,185.90
Special Revenue Funds	<u>.00</u>	<u>5,961.05</u>
Totals	<u>486,419.90</u>	<u>486,419.90</u>

These transfers include those made to move unrestricted revenues collected to other funds based on budgetary authorization. Other transfers between governmental funds and proprietary funds included those for the purchase of capital assets and the payment of accrued absences.

NOTE 17- LEASES

No capital leases exist as of June 30, 2005. There are three operating leases. The Mayor's auto lease began on July 1, 2004, for a period of 4 years with a minimum annual commitment of \$7,016. The Police Chief's vehicle has a minimum annual commitment of \$5,701.73, and its 4 year period began on February 23, 2004. An additional auto was leased for the Mayor's Administrative Assistant at an annual commitment of \$6,391.28. It is being leased for a period of 3 years.

NOTE 18 - PROPERTY TAXES

Property taxes are due January 1st, and delinquent after December 31st. Under La. Revised Statute 33:1435, taxes are assessed and collected by the East Baton Rouge Sheriff. The City's portion is remitted by the Sheriff on a monthly basis. Taxes of 5.43 mills were levied for the most recent year. The total assessed value of property in the City is \$40,585,260 as of the 2004 tax rolls.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

The following are the principal taxpayers for the City:

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

NOTE 19 – BUSINESS-TYPE ACTIVITIES - SEGMENT INFORMATION

The City maintains three enterprise funds that provide water, gas, sewer and burial services. Segment information for the year ended June 30, 2005, is as follows:

	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	<u>Total</u>
Condensed Statement of Net Assets				
Current assets	\$ 2,917,241.47	\$ 669,369.42	\$ 189,492.60	\$ 3,776,103.49
Restricted assets	1,289,007.81	87,964.41	.00	1,376,972.22
Capital assets, net	<u>3,693,543.44</u>	<u>271,519.15</u>	<u>.00</u>	<u>3,965,062.59</u>
 Total Assets	 7,899,792.72	 1,028,852.98	 189,492.60	 9,118,138.30
 Current liabilities	 563,429.96	 97,008.72	 .00	 660,438.68
Long-term liabilities	<u>1,111,533.68</u>	<u>516,847.76</u>	<u>5,221.15</u>	<u>1,633,602.59</u>
 Total Liabilities	 1,674,963.64	 613,856.48	 5,221.15	 2,294,041.27
 Invested in capital assets, net of related debt	 2,503,543.44	 271,519.15	 .00	 2,775,062.59
Restricted	247,500.41	87,964.41	.00	335,464.82
Unrestricted	<u>3,473,785.23</u>	<u>55,512.94</u>	<u>184,271.45</u>	<u>3,713,569.62</u>
 Total Net Assets	 <u>6,224,829.08</u>	 <u>414,996.50</u>	 <u>184,271.45</u>	 <u>6,824,097.03</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	<u>Total</u>
Condensed Statement of Revenues, Expenses and Changes in Net Assets				
Operating revenues	\$ 3,484,283.23	\$ 152,361.07	\$ 71,362.81	\$ 3,708,007.11
Operating expenses	(2,554,393.94)	(145,013.76)	(59,296.31)	(3,004,817.82)
Depreciation expense	(231,819.57)	(14,294.24)	.00	(246,113.81)
Operating Income (loss)	698,069.72	(6,946.93)	12,066.50	703,189.29
Non-operating revenues (expenses), net	(17,173.85)	13,575.05	4,655.49	1,056.69
Transfers, net	(364,867.34)	(25,059.07)	(24,185.90)	(414,112.31)
Change in Net Assets	316,028.53	(18,430.95)	(7,463.91)	290,133.67
Net assets, beginning	5,908,800.55	436,739.45	191,735.36	6,537,275.36
Adjustments to prior periods	.00	(3,312.00)	.00	(3,312.00)
Net assets, ending	<u>6,224,829.08</u>	<u>414,996.50</u>	<u>184,271.45</u>	<u>6,824,097.03</u>
Condensed Statement of Cash Flows				
Net cash provided by (used for):				
Operating activities	\$ 906,823.44	\$ 6,747.47	\$ 14,755.56	\$ 928,326.47
Non-capital financing activities	(364,867.34)	(25,059.07)	(24,185.90)	(414,112.31)
Capital and related financing activities	(455,135.74)	(27,172.00)	.00	(482,307.74)
Investing activities	(346,660.74)	(34,264.06)	9,430.34	321,827.02
Net Increase (Decrease) in Cash and Cash Equivalents	433,481.10	(79,747.66)	.00	353,733.44
Cash and cash equivalents, beginning of period	<u>1,833,187.43</u>	<u>129,747.66</u>	<u>25,000.00</u>	<u>1,987,935.09</u>
Cash and cash equivalents, end of period	<u>2,266,668.53</u>	<u>50,000.00</u>	<u>25,000.00</u>	<u>2,341,668.53</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 20 - RELATED PARTY TRANSACTIONS

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

NOTE 21 - LITIGATION

There are several pending lawsuits against the City with maximum exposure estimated between \$5,000 and \$25,000 each. Risk Management, Inc., the City's liability and casualty carrier, is defending these claims. The City has a deductible of \$75,000.

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

NOTE 22 - SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTAL INFORMATION
(PART 2 OF 2)

CITY OF BAKER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u>
	<u>Original</u>	<u>Final</u>	<u>Basis)</u>	<u>(Negative)</u>
<u>REVENUES</u>				
<i>Intergovernmental:</i>				
Street maintenance (City Parish)	\$ 46,530.00	\$ 46,530.00	\$ 46,530.00	\$ -
State appropriations	-	-	20,000.00	20,000.00
Weed cutting (DOTD)	9,724.00	9,724.00	9,724.23	0.23
Total Intergovernmental	56,254.00	56,254.00	76,254.23	20,000.23
<i>Taxes:</i>				
Sales	2,775,000.00	2,775,000.00	2,746,568.58	(28,431.42)
Franchise	485,000.00	485,000.00	457,162.15	(27,837.85)
Property	210,000.00	210,000.00	221,801.12	11,801.12
Teleprompter	120,000.00	120,000.00	118,974.14	(1,025.86)
Industrial	56,000.00	56,000.00	52,795.00	(3,205.00)
Occupancy	42,000.00	42,000.00	45,000.00	3,000.00
Firemen's	35,000.00	35,000.00	39,773.03	4,773.03
Chain store	15,500.00	15,500.00	9,311.30	(6,188.70)
Beer	13,000.00	13,000.00	6,224.92	(6,775.08)
Total Taxes	3,751,500.00	3,751,500.00	3,697,610.24	(53,889.76)
<i>Licenses and Permits:</i>				
Insurance licenses	150,000.00	150,000.00	186,659.85	36,659.85
Business licenses	148,000.00	148,000.00	155,659.17	7,659.17
Building permits	12,000.00	12,000.00	7,690.70	(4,309.30)
Plumbing licenses	8,000.00	8,000.00	7,400.00	(600.00)
Plumbing permits	8,000.00	8,000.00	3,452.50	(4,547.50)
Electrical licenses	4,500.00	4,500.00	4,300.00	(200.00)
Beer permits	4,000.00	4,000.00	3,500.00	(500.00)
Electrical permits	4,500.00	4,500.00	2,667.00	(1,833.00)
Other licenses/permits	2,200.00	2,200.00	1,610.00	(590.00)
Total Licenses and Permits	341,200.00	341,200.00	372,939.22	31,739.22

Continued

CITY OF BAKER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u>
	<u>Original</u>	<u>Final</u>	<u>Basis)</u>	<u>(Negative)</u>
Charges for Services:				
Garbage collection	\$ 633,000.00	\$ 633,000.00	\$ 662,539.34	\$ 29,539.34
Public safety	53,000.00	53,000.00	49,010.00	(3,990.00)
Civic Center fees	30,000.00	30,000.00	28,975.00	(1,025.00)
Rent - utility	27,500.00	27,500.00	27,500.04	0.04
Rent - City property	13,000.00	13,000.00	14,999.07	1,999.07
Police reports	8,800.00	8,800.00	8,363.54	(436.46)
Citizen's participation	20,340.00	20,340.00	6,013.00	(14,327.00)
Rent - sewer	2,500.00	2,500.00	2,499.96	(0.04)
Rezoning fees	100.00	100.00	895.00	795.00
Bicycle registration	-	-	10.00	10.00
Weed cutting	1,200.00	1,200.00	-	(1,200.00)
Other charges for services	100.00	100.00	-	(100.00)
Museum fees	-	150.00	-	(150.00)
Total Charges for Services	789,540.00	789,690.00	800,804.95	11,114.95
Fines:				
City court receipts	280,000.00	280,000.00	285,170.84	5,170.84
Interest:				
Interest earned	107,400.00	107,400.00	73,359.61	(34,040.39)
Other Revenues:				
Grant proceeds	8,000.00	22,948.00	85,506.61	62,558.61
Donations	1,307.00	41,307.00	51,395.00	10,088.00
Other revenues	18,800.00	21,300.00	36,369.26	15,069.26
Vending machine commissions	600.00	600.00	479.04	(120.96)
Inspection fees	500.00	500.00	435.00	(65.00)
Total Other Revenues	29,207.00	86,655.00	174,184.91	87,529.91
Total Revenues	5,355,101.00	5,412,699.00	5,480,324.00	67,625.00

Continued

CITY OF BAKER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u>
	<u>Original</u>	<u>Final</u>	<u>Basis)</u>	<u>(Negative)</u>
<u>EXPENDITURES</u>				
General Government:				
Adminstrative	\$ 688,841.00	\$ 782,033.00	\$ 657,993.17	\$ 124,039.83
Alcohol control board	1,557.00	1,557.00	1,423.68	133.32
Beautification	117,551.00	120,751.00	116,901.39	3,849.61
Central garage	56,536.00	56,536.00	55,288.67	1,247.33
Central stores	-	62,768.00	54,702.89	8,065.11
City attorney	80,346.00	99,846.00	106,775.47	(6,929.47)
City court	322,683.00	337,312.00	348,761.36	(11,449.36)
Civic center	118,814.00	126,314.00	122,661.78	3,652.22
Civil defense	300.00	300.00	-	300.00
Civil service	52,376.00	53,176.00	52,433.35	742.65
Council	97,934.00	97,934.00	95,633.68	2,300.32
Council on aging	8,550.00	8,550.00	9,416.22	(866.22)
Economic development	20,860.00	20,860.00	20,680.70	179.30
Heritage museum	115,492.00	122,492.00	113,977.96	8,514.04
Inspection	94,308.00	95,808.00	95,956.80	(148.80)
Municipal annex	60,916.00	60,916.00	52,512.23	8,403.77
Planning commission	4,610.00	4,610.00	4,247.08	362.92
Prosecution	83,938.00	83,938.00	82,175.30	1,762.70
Total General Government	1,925,612.00	2,135,701.00	1,991,541.73	144,159.27
Public Safety:				
Fire	839,092.00	843,092.00	850,718.36	(7,626.36)
Police	1,495,276.00	1,495,276.00	1,523,404.75	(28,128.75)
Fire/Police Civil Service	10,850.00	10,850.00	7,806.34	3,043.66
Total Public Safety	2,345,218.00	2,349,218.00	2,381,929.45	(32,711.45)

Continued

CITY OF BAKER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Basis)</u>	
Public Works:				
Public works	\$ 1,412,181.00	\$ 1,414,681.00	\$ 1,384,568.22	\$ 30,112.78
Capital outlay	95,250.00	261,250.00	243,972.50	17,277.50
Total Expenditures	5,778,261.00	6,160,850.00	6,002,011.90	158,838.10
Excess (Deficiency) of Revenues over Expenditures	(423,160.00)	(748,151.00)	(521,687.90)	226,463.10
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	317,000.00	324,000.00	453,246.63	129,246.63
Operating transfers out	(33,000.00)	(33,000.00)	(33,173.27)	(173.27)
Total Other Financing Sources (Uses)	284,000.00	291,000.00	420,073.36	129,073.36
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(139,160.00)	(457,151.00)	(101,614.54)	355,536.46
Fund Balances, beginning	3,671,821.78	3,671,821.78	3,671,821.78	-
Adjustments to prior periods	-	-	39,922.97	(39,922.97)
Fund Balances, ending	3,532,661.78	3,214,670.78	3,610,130.21	315,613.49

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
STREET MAINTENANCE FUND
YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Sales taxes	\$ 542,000.00	\$ 542,000.00	\$ 549,212.45	\$ 7,212.45
Interest earned	53,000.00	53,000.00	47,657.57	(5,342.43)
Total Revenues	595,000.00	595,000.00	596,870.02	1,870.02
<u>EXPENDITURES</u>				
Public works	1,298,621.00	1,298,621.00	9,889.47	1,288,731.53
Capital outlay	2,101,379.00	2,101,379.00	592,324.18	1,509,054.82
Total Expenditures	3,400,000.00	3,400,000.00	602,213.65	2,797,786.35
Excess (Deficiency)of Revenues over Expenditures	(2,805,000.00)	(2,805,000.00)	(5,343.63)	2,799,656.37
Fund Balances, beginning	3,430,438.65	3,430,438.65	3,430,438.65	-
Fund Balances, ending	625,438.65	625,438.65	3,425,095.02	2,799,656.37

The accompanying notes are an integral part of this statement.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
GENERAL FUND
JUNE 30, 2005 AND 2004

<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
Cash and cash equivalents	\$ 1,816,579.04	\$ 1,897,201.34
Investments	1,127,376.98	1,171,382.45
Inventory, at cost	47,561.45	35,454.02
Due from other governmental agencies	-	4,150.25
Account receivables, net	228,908.00	219,569.88
Taxes receivables, net	449,826.05	451,654.87
Accrued interest receivable	3,673.84	2,168.61
Prepaid expenses	30,471.72	30,471.72
Restricted assets:		
Cash and cash equivalents	90,413.53	28,298.86
TOTAL ASSETS	3,794,810.61	3,840,352.00

LIABILITIES AND FUND BALANCES

Liabilities:		
Due to City Court Operations	9,235.00	1,320.00
Due to other governmental agencies	26,971.80	12,997.64
Accounts payable	121,633.75	91,772.91
Bonds held for future disposition	2,050.00	2,050.00
Deferred revenue	24,789.85	60,389.67
Total Liabilities	184,680.40	168,530.22
Fund Balances:		
Reserved for inventory	47,561.45	35,454.02
Unreserved:		
Designated for insurance	26,945.55	0.27
Designated for special events	11,285.75	8,052.12

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET (Continued)
GENERAL FUND
JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Designated for capital improvements	\$ 180,837.26	\$ 77,100.17
Designated for law enforcement	38,380.34	28,232.60
Designated for fire protection	856.22	-
Designated for beautification and grounds	100,447.15	74,071.61
Designated for recreation	2,674.77	12,545.01
Designated for condemnation	22,789.69	25,939.39
Undesignated	<u>3,178,352.03</u>	<u>3,410,426.59</u>
Total Fund Balances	<u>3,610,130.21</u>	<u>3,671,821.78</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>3,794,810.61</u></u>	<u><u>3,840,352.00</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>REVENUES</u>		
Intergovernmental:		
Street maintenance (City Parish)	\$ 46,530.00	\$ 46,530.00
State appropriations	20,000.00	-
Weed cutting (DOTD)	9,724.23	9,724.23
Total Intergovernmental	76,254.23	56,254.23
Taxes:		
Sales	2,746,568.58	2,599,057.41
Franchise	457,162.15	452,858.53
Property	221,801.12	204,283.34
Teleprompter	118,974.14	118,157.52
Industrial	52,795.00	55,064.00
Occupancy	45,000.00	40,286.05
Firemen's	39,773.03	37,539.60
Chain store	9,311.30	16,550.00
Beer	6,224.92	12,356.23
Total Taxes	3,697,610.24	3,536,152.68
Licenses and Permits:		
Insurance licenses	186,659.85	174,709.60
Business licenses	155,659.17	148,222.94
Building permits	7,690.70	19,972.50
Plumbing licenses	7,400.00	9,400.00
Electrical licenses	4,300.00	3,900.00
Beer permits	3,500.00	4,040.00
Plumbing permits	3,452.50	10,924.50
Electrical permits	2,667.00	4,897.00
Other licenses/permits	1,610.00	3,635.00
Total Licenses and Permits	372,939.22	379,701.54

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Charges for Services:		
Garbage collection	\$ 662,539.34	\$ 614,921.48
Public safety	49,010.00	50,052.00
Civic Center fees	28,975.00	14,920.00
Rent - utility	27,500.04	27,500.04
Rent - City property	14,999.07	14,594.95
Police reports	8,363.54	8,312.84
Citizen's participation	6,013.00	13,682.00
Rent - sewer	2,499.96	2,499.96
Rezoning fees	895.00	135.00
Bicycle registration	10.00	-
Weed cutting	-	865.00
Other charges for services	-	-
Museum fees	-	50.00
Total Charges for Services	800,804.95	747,533.27
Fines:		
City court receipts	285,170.84	281,477.70
Interest:		
Interest earned	73,359.61	89,546.29
Other Revenues:		
Grant proceeds	85,506.61	142,982.44
Donations	51,395.00	9,400.00
Other revenues	36,369.26	47,994.63
Vending machine commissions	479.04	499.64
Inspection fees	435.00	155.00
Total Other Revenues	174,184.91	201,031.71
Total Revenues	5,480,324.00	5,291,697.42

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>EXPENDITURES</u>		
General Government:		
Administrative		
Association dues	\$ 350.00	\$ 2,934.00
Auditing fees	13,649.27	12,476.70
Auto lease	13,407.28	14,541.68
Bad debts	10,716.06	-
Buffalo Festival	1,427.42	19,834.36
Christmas activities	3,129.93	2,137.89
Codification	5,430.97	5,430.97
Computer expense	630.00	1,741.87
Demolition expense	3,150.00	-
Donations	-	2,500.00
Election expense	-	9,632.98
Employee drug testing	3,239.38	3,963.56
Equipment rental	1,254.00	1,124.00
Gas and oil	3,888.87	2,595.99
Inaugural expense	7,153.00	1,452.36
Insurance	242,435.61	279,620.96
Lease/Baker Civic Club	10.00	20.00
Maintenance and repairs	2,292.77	1,606.00
Maintenance of vehicles	2,514.56	1,248.93
Mid-sized cities conference	314.64	-
Municipal assessment roll	5,489.50	5,501.00
Official journal	16,236.36	12,586.03
Other expenditures	-	3,928.34
Postage	1,983.40	2,203.87
Public relations	1,934.25	1,734.25
Recreation	8,270.00	10,844.05
Retirement	33,290.31	19,311.99
Salaries	246,911.10	190,310.42
Seminars	2,025.00	1,039.00
Studies/Salaries and Police Complex	-	10,000.00
Supplies	10,659.95	10,730.31
Telephone	7,728.16	11,448.11
Travel allowance	259.73	2,987.64

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Trust fees	\$ 7,985.55	\$ 5,963.10
Uniforms	25.94	1,062.95
Utility fire hydrant rentals	200.16	200.16
Total Administrative	657,993.17	652,713.47
Alcohol/Beverage Control Board		
Retirement	180.00	489.68
Salaries	1,200.00	1,200.00
Supplies	43.68	242.92
Total Alcohol Control Board	1,423.68	1,932.60
Beautification		
Gas and oil	2,044.93	920.65
Insurance	14,147.90	12,165.40
Lease - railroad right of way	-	25.00
Maintenance of vehicles	1,304.85	1,877.27
Retirement	13,469.54	10,471.71
Salaries and overtime	82,095.76	80,387.21
Supplies	3,457.28	6,191.91
Uniforms	381.13	923.10
Total Beautification	116,901.39	112,962.25
Central Garage		
Association dues	-	38.00
Computer expense	828.00	931.00
Equipment rental	706.50	1,209.10
Gas and oil	278.73	288.70
Insurance	10,427.45	8,985.80
Maintenance and repairs	38.83	225.50
Maintenance of vehicles	517.16	1,417.47
Retirement	5,097.61	4,059.00
Salaries and overtime	34,192.32	33,636.61
Supplies	2,914.50	1,924.65
Telephone	-	60.04
Uniforms	287.57	202.00
Total Central Garage	55,288.67	52,977.87

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Central Stores		
Computer	\$ 56.12	\$ 1,642.50
Insurance	5,791.98	5,373.97
Maintenance and repairs	344.90	1,980.68
Maintenance of vehicles	15.30	43.19
Retirement	5,900.95	5,436.10
Salaries	39,413.02	41,904.00
Supplies	1,376.85	2,217.05
Telephone	1,615.02	2,033.77
Uniforms	188.75	416.69
Total Central Stores	54,702.89	61,047.95
City Attorney		
Association dues	40.00	-
Computer expense	-	50.00
Insurance	3,186.85	2,764.14
Outside legal services	45,294.14	45,419.04
Postage	-	17.26
Retirement	8,024.48	6,556.86
Salaries	49,173.84	48,648.84
Seminars	150.00	450.00
Supplies	454.00	1,109.76
Telephone	452.16	4.36
Total City Attorney	106,775.47	105,020.26
City Court		
Ad hoc judge	300.00	1,458.26
Auditing fees	5,333.90	4,851.69
Court-ordered payments	118,187.30	98,491.08
Equipment rental	601.52	697.96
Insurance	19,529.81	16,662.97
Judge's expense	2,100.00	2,100.00
Judicial retirement	4,449.96	4,599.20
Maintenance and repairs	3,221.65	2,204.92
Postage	1,360.93	1,249.75

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Retirement	\$ 21,656.76	\$ 17,922.30
Salaries	157,779.96	160,891.44
Supplies	3,284.42	5,110.57
Telephone	4,825.46	6,084.32
Travel allowance	-	1,106.46
Utilities	6,129.69	8,099.79
Total City Court	348,761.36	331,530.71
Civic Center		
Gas and oil	1,995.28	1,473.02
Insurance	26,536.05	23,907.61
Maintenance and repairs	4,664.18	5,908.01
Maintenance of vehicles	486.23	365.72
Retirement	9,976.62	7,969.58
Salaries and overtime	74,352.12	74,363.73
Supplies	3,146.33	3,726.12
Telephone	1,125.46	1,324.34
Uniforms	379.51	774.15
Total Civic Center	122,661.78	119,812.28
Civil Service		
Insurance	6,930.48	7,099.97
Maintenance and repairs	-	200.00
Postage	105.89	141.04
Retirement	6,177.97	4,994.81
Salaries	37,714.39	37,212.00
Seminars	160.00	344.00
Supplies	227.47	779.95
Telephone	1,117.15	969.39
Uniforms	-	350.00
Total Civil Service	52,433.35	52,091.16

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Council		
Association dues	\$ 2,774.00	\$ 2,834.00
Computer	100.00	587.50
Council clerk	12,000.00	12,000.00
Expense allowance	12,000.00	4,500.00
Insurance	1,587.56	1,041.20
Legal fees	-	12,492.05
Postage	393.70	422.91
Retirement	4,934.76	4,495.03
Salaries	51,000.00	42,000.00
Seminars	810.00	2,540.00
Supplies	3,963.24	2,666.89
Telephone	1,199.14	2,932.07
Telephone - private lines	1,887.67	798.06
Travel allowance	2,983.61	1,945.50
Total Council	95,633.68	91,255.21
 Council on Aging		
Maintenance and repairs	4,157.08	720.59
Special events	-	115.20
Supplies	827.06	1,995.79
Telephone	878.22	1,190.98
Utilities	3,553.86	3,863.63
Total Council on Aging	9,416.22	7,886.19
 Economic Development		
Contracted services	16,290.12	15,413.20
Other outside services	659.28	16,568.10
Seminars	-	2,025.00
Supplies	3,731.30	3,651.33
Total Economic Development	20,680.70	37,657.63
 Heritage Museum		
Association dues	85.00	-
Computer	914.00	1,985.50
Equipment rental	486.36	1,187.48

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Exhibit construction	\$ -	\$ 1,490.00
Insurance	6,935.33	5,960.35
Maintenance and repairs	8,963.62	11,479.13
Postage	526.02	224.95
Retirement	5,886.96	4,613.17
Salaries	77,594.19	41,351.89
Seminars	150.00	100.00
Supplies	5,880.07	5,899.18
Telephone	2,155.84	1,936.41
Travel allowance	-	927.25
Uniforms	3.13	532.18
Utilities	4,397.44	4,280.29
Total Heritage Museum	113,977.96	81,967.78
Inspection		
Association dues	100.00	100.00
Computer	-	644.99
Equipment rental	401.28	557.64
Gas and oil	151.61	171.16
Insurance	20,469.55	17,540.74
Maintenance and repairs	13.99	200.00
Maintenance of vehicles	609.81	199.60
Postage	883.72	611.86
Retirement	9,853.71	8,005.28
Salaries	60,276.00	59,244.00
Supplies	1,765.63	1,891.67
Telephone	1,431.50	1,965.73
Uniforms	-	295.25
Total Inspection	95,956.80	91,427.92
Municipal Annex		
Gas and oil	1,095.75	1,326.60
Insurance	9,107.52	7,939.47
Maintenance and repairs	3,817.04	1,128.49
Retirement	4,196.21	3,347.86

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Salaries and overtime	\$ 30,056.66	\$ 32,346.12
Supplies	2,650.70	937.47
Uniforms	188.44	197.75
Motor vehicles building expense	1,399.91	10,066.17
Total Municipal Annex	52,512.23	57,289.93
Planning Commission		
Insurance	22.91	15.94
Retirement	589.34	467.20
Salaries	3,600.00	3,600.00
Supplies	34.83	-
Total Planning Commission	4,247.08	4,083.14
Prosecution		
Ad hoc prosecutor	525.00	-
Computer	1,000.00	670.00
Equipment rental	150.48	100.24
Insurance	7,426.41	6,326.06
Maintenance and repairs	790.00	125.00
Postage	86.54	367.18
Retirement	8,821.10	7,720.46
Salaries	59,936.00	60,671.92
Seminars	-	375.00
Supplies	1,752.82	837.81
Telephone	821.46	1,300.74
Uniforms	-	24.00
Utilities	865.49	857.68
Total Prosecution	82,175.30	79,376.09
Total General Government	1,991,541.73	1,941,032.44

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Public Safety:		
Fire		
Association dues	\$ 293.00	\$ -
Computer expense	1,563.80	8,180.02
Equipment rental	10,032.00	68.00
Fire prevention	1,000.16	2,058.60
Fire training	3,433.00	4,902.96
Gas and oil	10,930.39	8,516.34
Insurance	184,977.63	166,092.16
Maintance and repairs	10,442.38	7,670.07
Maintenance of vehicles	10,418.52	3,939.59
Medical supplies	295.50	314.50
Postage	11.37	6.47
Retirement	114,932.43	109,178.92
Salaries and overtime	455,074.83	548,287.63
Seminars	-	195.00
Supplies	25,145.53	53,053.22
Telephone	6,933.17	7,755.41
Travel allowance	937.19	271.99
Uniforms	4,707.26	3,014.93
Utilities	9,590.20	9,280.21
Total Fire	850,718.36	932,786.02
Police		
Association dues	80.00	300.00
Auto lease	5,701.73	7,126.35
Auxillary pay	4,320.00	4,141.00
Auxillary supplies	1,692.99	200.00
Computer expense	4,237.97	3,674.45
Deputy marshall	14,999.92	15,576.84
Equipment rental	1,254.00	1,532.00
Firearms training	2,576.30	2,693.76
Gas and oil	60,768.67	55,259.33
Insurance	285,555.41	253,147.76
Law enforcement expense	4,713.03	8,930.27
Maintance and repairs	11,023.20	9,849.86

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Maintenance of vehicles	\$ 25,413.33	\$ 26,782.42
Medical supplies	379.06	-
Police chief's expense	2,400.00	2,400.00
Postage	724.20	1,029.20
Prisoner expense	40.00	52.49
Retirement	179,477.49	152,768.33
Salaries and overtime	839,368.96	945,058.26
Seminars	2,199.00	2,291.95
Supplies	35,842.97	46,173.16
Telephone	21,437.41	23,784.90
Travel allowance	3,477.08	2,147.86
Uniforms	4,961.63	5,634.27
Utilities	10,760.40	13,508.40
Total Police	1,523,404.75	1,584,062.86
Fire/Police Civil Service		
Insurance	32.41	21.63
Legal fees	1,740.00	1,410.00
Postage	31.49	49.80
Retirement	1,101.20	830.92
Salaries	4,800.00	4,800.00
Supplies	101.24	75.30
Total Fire/Police Civil Service	7,806.34	7,187.65
Total Public Safety	2,381,929.45	2,524,036.53
Public Works:		
Animal control	18,000.00	18,000.00
Computer expense	84.45	867.38
Engineering fees	985.00	497.50
Equipment rental	300.96	200.48
Garbage collection	512,894.89	603,626.28
Gas and oil	16,644.78	16,166.38
Herbicide/weed killer	9,398.70	14,387.20
Insurance	100,877.57	89,193.53

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Landfill fees	\$ 1,862.00	\$ 2,533.00
Maintance and repairs	32,107.51	20,291.97
Maintenance of vehicles	21,650.32	15,502.52
Medical supplies	210.00	-
Postage	300.94	85.17
Recycling expense	113,764.52	128,361.86
Retirement	53,631.28	44,616.88
Salaries and overtime	341,743.25	349,567.27
Security and traffic lights	131,141.13	142,005.11
Seminars	45.00	50.00
Supplies	13,995.21	11,292.75
Telephone	3,485.48	4,777.94
Travel allowance	21.69	-
Uniforms	3,088.39	4,429.88
Utilities	8,335.15	15,503.65
Total Public Works	1,384,568.22	1,481,956.75
Capital Outlay:		
Administrative		
Computers/printers	4,321.96	-
Accounting system	29,151.55	-
Police		
Cars/equipment	-	16,133.00
Computers and related equipment	25,507.75	15,000.00
Communication center improvements	-	10,000.00
Photo imaging and related equipment	8,846.80	-
Mobile data equipment (6)	47,400.00	-
Hand-held radars (8)	3,999.00	-
Fire safe	587.47	-
Public Works		
Sandbagger	-	14,999.00
Street signs/sidewalks	-	127,573.60
Railroad crossings	-	16,740.00

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Fire		
Computer	\$ 1,025.96	\$ -
Fire engine/pumper	-	249,390.54
Fire safety equipment	9,999.99	-
Rescue unit	75,000.00	-
Buildings and Grounds		
Renovations to motor vehicles building	13,132.02	-
City Court		
Computer equipment/software	25,000.00	-
Safety remodeling	-	4,674.00
Museum		
Furniture	-	1,848.07
Total Capital Outlay	<u>243,972.50</u>	<u>456,358.21</u>
Total Expenditures	<u>6,002,011.90</u>	<u>6,403,383.93</u>
Deficiency of Revenues over Expenditures	(521,687.90)	(1,111,686.51)
<u>OTHER FINANCING SOURCES (USES)</u>		
Gain/loss on sale of securities, net	-	(99,495.05)
Operating transfers in	453,246.63	-
Operating transfers out	<u>(33,173.27)</u>	<u>286,731.70</u>
Total Other Financing Sources (Uses)	<u>420,073.36</u>	<u>187,236.65</u>
Deficiency of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(101,614.54)	(924,449.86)
Fund Balances, beginning	3,671,821.78	4,596,271.64
Adjustments to prior periods	<u>39,922.97</u>	-
Fund Balances, ending	<u><u>3,610,130.21</u></u>	<u><u>3,671,821.78</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2005

With Comparative Totals for June 30, 2004

	911 Communications	Supplemental Pay	Fire/Police Special Tax	Street Maintenance/ Construction	City Court	Totals (Memorandum Only)
						2005 2004
Cash and cash equivalents	\$ 70,000.00	\$ -	\$ -	\$ -	\$ 9,506.64	\$ 79,506.64 \$ 130,934.01
Investments	50,440.41	-	-	-	-	50,440.41 20,681.96
Due from other funds	-	79,769.44	-	-	9,235.00	89,004.44 93,089.44
Due from other governmental agencies	-	-	95,166.77	66,920.63	-	162,087.40 154,639.05
Accrued interest receivable	-	-	-	18.73	-	18.73
Restricted assets:						
Cash and cash equivalents	-	-	183,279.14	1,366,884.20	-	1,550,163.34 1,662,181.71
Investments	-	60,697.82	-	1,991,271.46	-	2,051,969.28 1,872,957.39
TOTAL ASSETS	120,440.41	140,467.26	278,445.91	3,425,095.02	18,741.64	3,983,190.24 3,934,502.29

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts payable	-	-	-	-	3,263.32	3,263.32 3,255.51
Deferred revenues	-	-	-	-	-	-
Due to other governmental agencies	-	-	-	-	-	- 5,500.00

CITY OF BAKER, LOUISIANA
COMBINING BALANCE SHEET (Continued)
SPECIAL REVENUE FUNDS
JUNE 30, 2005

With Comparative Totals for June 30, 2004

	911 Communications	Supplemental Pay	Fire/Police Special Tax	Street Maintenance/ Construction	City Court	Totals (Memorandum Only)	
						2005	2004
Due to other funds	\$ -	\$ -	\$ 79,769.44	\$ -	\$ -	\$ 79,769.44	\$ 91,769.44
Due to bond accounts	-	-	-	-	100.00	100.00	100.00
Total Liabilities	-	-	79,769.44	-	3,363.32	83,132.76	100,624.95
Fund Balances:							
Reserved for fire/police salaries and equipment	-	140,467.26	198,676.47	-	-	339,143.73	259,358.23
Reserved for street maintenance/construction	-	-	-	3,425,095.02	-	3,425,095.02	3,430,438.65
Unreserved:							
Designated for 911 services	120,440.41	-	-	-	-	120,440.41	85,181.96
Designated for court operations	-	-	-	-	15,378.32	15,378.32	58,898.50
Total Fund Balances	120,440.41	140,467.26	198,676.47	3,425,095.02	15,378.32	3,900,057.48	3,833,877.34
TOTAL LIABILITIES AND FUND BALANCES	120,440.41	140,467.26	278,445.91	3,425,095.02	18,741.64	3,983,190.24	3,934,502.29

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2005

With Comparative Totals for the Year Ended June 30, 2004

	911 Communications	Supplemental Pay	Fire/Police Special Tax	Street Maintenance/ Construction	City Court	Totals (Memorandum Only)	
						2005	2004
REVENUES							
Intergovernmental	\$ 126,000.00	\$ -	\$ -	\$ -	\$ -	\$ 126,000.00	\$ 101,500.00
Taxes	-	-	692,030.94	549,212.45	-	1,241,243.39	1,147,217.32
Charges for services	-	-	-	-	60,355.84	60,355.84	31,882.14
Interest earned	1,068.86	3,575.35	-	47,657.57	17.48	52,319.26	37,286.43
Other revenues	-	-	25,127.07	-	1,839.14	26,966.21	-
Total Revenues	127,068.86	3,575.35	717,158.01	596,870.02	62,212.46	1,506,884.70	1,317,885.89
EXPENDITURES							
General government	-	-	-	-	61,891.06	61,891.06	29,877.07
Public safety	96,349.36	404.08	614,525.84	-	-	711,279.28	683,283.01
Public works	-	-	-	9,889.47	-	9,889.47	37,001.31
Capital outlay	-	-	21,017.94	592,324.18	43,841.58	657,183.70	385,204.25
Total Expenditures	96,349.36	404.08	635,543.78	602,213.65	105,732.64	1,440,243.51	1,135,365.64

CITY OF BAKER, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
YEAR ENDED JUNE 30, 2005

With Comparative Totals for the Year Ended June 30, 2004

	911 Communications	Supplemental Pay	Fire/Police Special Tax	Street Maintenance/ Construction	City Court	Totals (Memorandum Only)	
						2005	2004
Excess (Deficiency) of Revenues over Expenditures \$	30,719.50	\$ 3,171.27	\$ 81,614.23	\$ (5,343.63)	\$(43,520.18)	\$ 66,641.19	\$ 182,520.25
<u>OTHER FINANCING SOURCES (USES)</u>							
Operating transfers out	(961.05)	-	(5,000.00)	-	-	(5,961.05)	(786.15)
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	29,758.45	3,171.27	76,614.23	(5,343.63)	(43,520.18)	60,680.14	181,734.10
Fund Balances, beginning	90,681.96	137,295.99	122,062.24	3,430,438.65	58,898.50	3,839,377.34	3,652,143.24
Fund Balances, ending	120,440.41	140,467.26	198,676.47	3,425,095.02	15,378.32	3,900,057.48	3,833,877.34

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
911 COMMUNICATIONS FUND
JUNE 30, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 70,000.00	\$ 70,000.00
Investments	50,440.41	20,681.96
TOTAL ASSETS	120,440.41	90,681.96
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due to other governmental agencies	-	5,500.00
Total Liabilities	-	5,500.00
Fund Balances:		
Unreserved:		
Designated for 911 services	120,440.41	85,181.96
TOTAL LIABILITIES AND FUND BALANCES	120,440.41	85,181.96

The accompanying notes are an integral part of this statement

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
911 COMMUNICATIONS FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>REVENUES</u>		
EMS payments	\$ 126,000.00	\$ 101,500.00
Interest earned	1,068.86	768.44
Total Revenues	127,068.86	102,268.44
 <u>EXPENDITURES</u>		
Salaries and overtime	65,727.49	70,179.72
Retirement	14,487.33	10,915.46
Insurance	14,647.05	13,057.15
Supplies	1,379.68	52.19
Trust fees	107.81	81.25
Total Expenditures	96,349.36	94,285.77
Excess of Revenues over Expenditures	30,719.50	7,982.67
 <u>OTHER FINANCING SOURCES (USES)</u>		
Transfers to General Fund	(961.05)	(687.19)
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	29,758.45	7,295.48
Fund Balances, beginning	90,681.96	83,386.48
Fund Balances, ending	120,440.41	90,681.96

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
SUPPLEMENTAL PAY FUND
JUNE 30, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Due from Fire/Police Special Tax Fund	\$ 79,769.44	\$ 91,769.44
Restricted assets:		
Cash and cash equivalents	-	10,000.00
Investments	60,697.82	35,526.55
TOTAL ASSETS	140,467.26	137,295.99
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:	-	-
Fund Balances:		
Reserved for fire/police salaries	140,467.26	137,295.99
TOTAL LIABILITIES AND FUND BALANCES	140,467.26	137,295.99

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SUPPLEMENTAL PAY FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>REVENUES</u>		
Interest earned	\$ 3,575.35	\$ 3,034.64
Total Revenues	3,575.35	3,034.64
<u>EXPENDITURES</u>		
Loss on securities	-	2,984.67
Money market fees	404.08	419.19
Total Expenditures	404.08	419.19
Excess of Revenues over Expenditures	3,171.27	2,615.45
Fund Balances, beginning	137,295.99	134,680.54
Fund Balances, ending	140,467.26	137,295.99

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
FIRE/POLICE SPECIAL TAX FUND
JUNE 30, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Due from other governmental agencies	\$ 95,166.77	\$ 89,779.97
Restricted assets:		
Cash and cash equivalents	<u>183,279.14</u>	<u>124,051.71</u>
TOTAL ASSETS	<u><u>278,445.91</u></u>	<u><u>213,831.68</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due to Supplemental Pay Fund	79,769.44	91,769.44
Fund Balances:		
Reserved for fire/police salaries	<u>198,676.47</u>	<u>122,062.24</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>278,445.91</u></u>	<u><u>213,831.68</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FIRE/POLICE SPECIAL TAX FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>REVENUES</u>		
Sales taxes	\$ 692,030.94	\$ 603,681.31
Other revenues	25,127.07	-
Total Revenues	717,158.01	603,681.31
 <u>EXPENDITURES</u>		
Salaries and overtime	488,524.25	489,876.53
Retirement	101,678.53	73,092.02
Insurance	24,323.06	22,624.83
Capital outlay	21,017.94	65,336.50
Total Expenditures	635,543.78	650,929.88
 Excess (Deficiency) of Revenues over Expenditures	81,614.23	(47,248.57)
 <u>OTHER FINANCING SOURCES (USES)</u>		
Transfers to General Fund	(5,000.00)	(98.96)
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	76,614.23	(47,347.53)
 Fund Balances, beginning	122,062.24	169,409.77
Fund Balances, ending	198,676.47	122,062.24

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
STREET MAINTENANCE/CONSTRUCTION FUND
JUNE 30, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Due from other governmental agencies	\$ 66,920.63	\$ 64,859.08
Accrued interest receivable	18.73	18.73
Restricted assets:		
Cash and cash equivalents	1,366,884.20	1,528,130.00
Investments	1,991,271.46	1,837,430.84
TOTAL ASSETS	<u>3,425,095.02</u>	<u>3,430,438.65</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:	-	-
Fund Balances:		
Reserved for street maintenance/construction	<u>3,425,095.02</u>	<u>3,430,438.65</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>3,425,095.02</u>	<u>3,430,438.65</u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
STREET MAINTENANCE/CONSTRUCTION FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>REVENUES</u>		
Sales taxes	\$ 549,212.45	\$ 543,536.01
Interest earned	47,657.57	33,286.53
Total Revenues	596,870.02	576,822.54
 <u>EXPENDITURES</u>		
Bank/trust fees	5,307.74	5,280.42
Repairs and maintenance	3,000.00	-
Supplies and materials	1,581.73	178.58
Loss on investments	-	31,542.31
Capital outlay	592,324.18	317,845.97
Total Expenditures	602,213.65	354,847.28
Excess (Deficiency) of Revenues over Expenditures	(5,343.63)	221,975.26
Fund Balances, beginning	3,430,438.65	3,208,463.39
Fund Balances, ending	3,425,095.02	3,430,438.65

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
CITY COURT FUND
JUNE 30, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 9,506.64	\$ 60,934.01
Due from General Fund	9,235.00	1,320.00
TOTAL ASSETS	18,741.64	62,254.01
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	3,209.62	3,201.81
Payroll taxes payable	53.70	53.70
Due to bond accounts	100.00	100.00
Total Liabilities	3,363.32	3,355.51
Fund Balances:		
Unreserved:		
Designated for court operations	15,378.32	58,898.50
TOTAL LIABILITIES AND FUND BALANCES	18,741.64	62,254.01

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CITY COURT FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>REVENUES</u>		
Court costs earned	\$ 60,355.84	\$ 31,882.14
Interest earned	17.48	196.82
Other revenues	1,839.14	-
Total Revenues	62,212.46	32,078.96
 <u>EXPENDITURES</u>		
Judge's fee	5,671.23	-
Computer expenses	1,787.30	546.15
Drug testing expense	1,003.10	1,547.72
Insurance	1,031.00	1,189.00
Office and supplies	9,960.33	4,830.51
Professional fees	200.00	3,625.00
Repairs and maintenance	12,024.16	-
Salaries and related expenses	11,081.72	809.41
Seminars/training	10,567.10	9,328.65
Travel	8,565.12	8,000.63
Capital outlay	43,841.58	2,021.78
Total Expenditures	105,732.64	31,898.85
Excess (Deficiency) of Revenues over Expenditures	(43,520.18)	180.11
Fund Balances, beginning	58,898.50	58,718.39
Fund Balances, ending	15,378.32	58,898.50

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
UTILITY FUND
JUNE 30, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 1,225,700.00	\$ 800,600.00
Investments	1,100,939.83	1,464,492.61
Inventory	56,650.79	52,818.14
Accounts receivable, net of allowance for doubtful accounts; \$47,053.01 and \$39,250.36 in 2004	380,701.64	312,529.57
Unbilled receivables	146,121.36	126,549.99
Accrued interest receivable	5,761.38	1,811.89
Prepaid expenses	1,366.47	1,366.47
Total Current Assets	2,917,241.47	2,760,168.67
Restricted Assets:		
Cash and cash equivalents	1,040,968.53	1,032,587.43
Investments	248,039.28	205,732.22
Total Restricted Assets	1,289,007.81	1,238,319.65
Fixed Assets:		
Property, plant and equipment, at cost, net of accumulated depreciation of \$5,340,191.81 in 2005 and \$5,108,372.24 in 2004	3,693,543.44	3,782,718.51
TOTAL ASSETS	<u>7,899,792.72</u>	<u>7,781,206.83</u>

CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET (Continued)
UTILITY FUND
JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Payable from current assets:		
Due to other governmental agencies	\$ 413.49	\$ 3,590.66
Accounts payable	29,713.32	8,229.07
Total Current Liabilities (Payable from Current Assets)	30,126.81	11,819.73
Payable from restricted assets:		
Revenue bonds payable	277,000.00	264,000.00
Accrued interest payable	8,802.74	10,755.62
Customer deposits	247,500.41	205,013.34
Total Current Liabilities (Payable from Restricted Assets)	533,303.15	479,768.96
Total Current Liabilities	563,429.96	491,588.69
Long-Term Liabilities:		
Revenue bonds payable	149,031.47	432,168.19
Compensated absences payable	198,533.68	190,817.59
Payable from restricted assets:		
Revenue bonds payable	763,968.53	757,831.81
Total Long-Term Liabilities	1,111,533.68	1,380,817.59
Total Liabilities	1,674,963.64	1,872,406.28

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET (Continued)
UTILITY FUND
JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 2,503,543.44	\$ 3,782,718.51
Restricted for customer deposits	247,500.41	205,013.34
Unrestricted	<u>3,473,785.23</u>	<u>1,921,068.70</u>
Total Net Assets	<u>6,224,829.08</u>	<u>5,908,800.55</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>7,899,792.72</u></u>	 <u><u>7,781,206.83</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
UTILITY FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>OPERATING REVENUES</u>		
Charges for services:		
Water sales	\$ 810,836.87	\$ 769,920.54
Gas sales	2,037,108.60	1,875,201.89
Sprinkler system	-	850.00
Reconnection charges	165,856.15	138,750.40
Sewer fees	469,724.89	423,533.39
Other operating revenues	756.72	36,586.26
Total Operating Revenues	3,484,283.23	3,244,842.48
<u>OPERATING EXPENSES</u>		
Administrative	79,324.14	57,641.64
Depreciation	231,819.57	255,665.60
Employee and related expenses	804,891.50	812,690.69
Occupancy	59,876.22	68,242.86
Personal services	1,610,302.08	1,468,816.28
Total Operating Expenses	2,786,213.51	2,663,057.07
Operating Income	698,069.72	581,785.41
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest earned	44,006.67	25,423.02
Contributions	3,350.10	7,524.49
Bond-related expenses	-	(1,616.92)
Interest expense	(64,530.62)	(73,922.58)
Total Non-Operating Revenues (Expenses)	(17,173.85)	(42,591.99)
Income Before Operating Transfers	680,895.87	539,193.42

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS (Continued)
UTILITY FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>OPERATING TRANSFERS</u>		
Transfers from General Fund	\$ 1,806.98	\$ -
Transfers to General Fund	(326,674.32)	(276,095.13)
Transfer to General Fund/Capital Improvements	(40,000.00)	-
	<u>(364,867.34)</u>	<u>(276,095.13)</u>
Total Operating Transfers	(364,867.34)	(276,095.13)
Change in Net Assets	316,028.53	263,098.29
Net Assets, beginning	<u>5,908,800.55</u>	<u>5,645,702.26</u>
Net Assets, ending	<u><u>6,224,829.08</u></u>	<u><u>5,908,800.55</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS
UTILITY FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 3,439,026.86	\$ 3,199,651.07
Cash paid to suppliers for goods/services	(1,735,028.01)	(1,604,610.19)
Cash paid to employees for services	(797,175.41)	(783,911.55)
Net Cash Provided by Operating Activities	906,823.44	811,129.33
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Net operating transfers	(364,867.34)	(276,095.13)
Net Cash Used for Non-Capital Financing Activities	(364,867.34)	(276,095.13)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributed by property owners	3,350.10	7,524.49
Interest received from bond proceeds	14,642.16	17,603.03
Acquisition of capital assets	(142,644.50)	(103,174.29)
Interest paid on bonds	(66,483.50)	(76,967.17)
Principal paid on bond maturities	(264,000.00)	(251,000.00)
Net Cash Used for Capital and Related Financing Activities	(455,135.74)	(406,013.94)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	25,415.02	8,595.36
Purchase/maturities of securities	321,245.72	(556,807.81)
Net Cash Provided by (Used for) Investing Activities	346,660.74	(548,212.45)

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS (Continued)
UTILITY FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 433,481.10	\$ (419,192.19)
Cash and Cash Equivalents, beginning of year	<u>1,833,187.43</u>	<u>2,252,379.62</u>
Cash and Cash Equivalents, end of year	<u><u>2,266,668.53</u></u>	<u><u>1,833,187.43</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	699,876.70	581,785.41
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	231,819.57	255,665.60
(Increase) decrease in assets:		
Inventory	(3,832.65)	(4,727.01)
Accounts receivable	(87,743.44)	(60,622.53)
Prepaid expenses	-	894.02
Increase (decrease) in liabilities:		
Accounts payable	18,307.08	(6,076.42)
Compensated absences payable	5,909.11	28,779.14
Customer deposits	<u>42,487.07</u>	<u>15,431.12</u>
Net Cash Provided by Operating Activities	<u><u>906,823.44</u></u>	<u><u>811,129.33</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES
UTILITY FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>ADMINISTRATIVE</u>		
Association dues	\$ 664.00	\$ 470.00
Bad debts	8,017.65	-
Collection agency fees	2,453.34	2,053.82
Computer expenses	12,105.00	11,210.64
Office supplies	753.09	218.00
Postage	22,636.30	24,325.46
Professional fees	31,405.95	18,603.94
Public relations	1,288.81	759.78
Total Administrative	79,324.14	57,641.64
<u>DEPRECIATION</u>		
Depreciation - sewer	10,602.46	10,602.48
Depreciation - gas	66,900.54	66,900.54
Depreciation - water	98,216.41	98,216.41
Depreciation - other equipment/buildings	56,100.16	79,946.17
Total Depreciation	231,819.57	255,665.60
<u>EMPLOYEE AND RELATED EXPENSES</u>		
Employee drug testing	1,044.12	940.68
Insurance	107,178.85	96,080.82
Retirement	82,758.60	64,278.91
Salaries and overtime	603,443.88	639,374.39
Travel and education	3,666.04	3,100.68
Uniforms	6,800.01	8,915.21
Total Employee and Related Expenses	804,891.50	812,690.69

CITY OF BAKER, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES (Continued)
UTILITY FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>OCCUPANCY</u>		
Insurance	\$ 19,099.35	\$ 16,966.58
Rent	30,000.00	30,000.00
Telephone	7,469.83	8,518.89
Utilities	3,307.04	12,757.39
Total Occupancy	59,876.22	68,242.86
 <u>PERSONAL SERVICES</u>		
Cathodic protection	817.67	663.60
Chlorination of water	14,192.57	13,145.91
Electricity	113,931.87	113,901.35
Rentals/permits/taxes	2,466.48	3,595.69
Maintenance and repairs	9,304.70	8,501.77
Maintenance to gas system	33,395.85	15,258.61
Maintenance to sewer system	19,401.60	36,268.73
Maintenance to water system	41,479.55	32,985.81
Purchase and repair of meters	1,560.00	40,926.35
Purchases of gas	1,287,479.25	1,122,991.03
Supplies	32,007.03	32,441.90
Vehicle expense	54,265.51	48,135.53
Total Personal Services	1,610,302.08	1,468,816.28
Total Operating Expenses	2,786,213.51	2,663,057.07

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
CEMETERY FUND
JUNE 30, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 50,000.00	\$ 50,000.00
Investments	217,691.56	257,816.86
Inventory	385,632.43	389,341.03
Accounts receivable, net of allowance for doubtful accounts; \$842.58 in 2005 and 2004	<u>16,045.43</u>	<u>16,153.31</u>
Total Current Assets	669,369.42	713,311.20
Restricted Assets:		
Investments	87,964.41	79,747.66
Fixed Assets:		
Property, plant and equipment, at cost, net of accumulated depreciation of \$217,108.19 in 2005 and \$202,813.95 in 2004	<u>271,519.15</u>	<u>258,641.39</u>
TOTAL ASSETS	<u><u>1,028,852.98</u></u>	<u><u>1,051,700.25</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Payable from current assets:		
Accounts payable	6,757.31	2,218.95
Deferred revenue	2,287.00	2,287.00
Merchandise payable	<u>28,066.63</u>	<u>39,782.27</u>
Total Current Liabilities (Payable from Current Assets)	37,110.94	44,288.22

CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET (Continued)
CEMETERY FUND
JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Payable from restricted assets:		
Merchandise payable	\$ 59,897.78	\$ 79,747.66
Total Current Liabilities (Payable from Restricted Assets)	97,008.72	124,035.88
Long-Term Liabilities:		
Merchandise payable	473,368.21	448,788.19
Compensated absences payable	43,479.55	42,136.73
Total Long-Term Liabilities	516,847.76	490,924.92
Total Liabilities	613,856.48	614,960.80
Net Assets:		
Invested in capital assets, net of related debt	271,519.15	258,641.39
Restricted for pre-need items	87,964.41	79,747.66
Unrestricted	55,512.94	98,350.40
Total Net Assets	414,996.50	436,739.45
TOTAL LIABILITIES AND NET ASSETS	<u>1,028,852.98</u>	<u>1,051,700.25</u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET ASSETS
CEMETERY FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>OPERATING REVENUES</u>		
Sale of merchandise, net of cost of goods sold of \$42,063.70 in 2005 and \$45,761.69 in 2004	\$ 152,361.07	\$ 161,811.28
<u>OPERATING EXPENSES</u>		
Administrative	8,277.25	11,772.00
Depreciation	14,294.24	11,336.98
Employee and related expenses	115,675.18	110,908.10
Occupancy	7,696.33	7,938.70
Personal services	13,365.00	15,553.15
Total Operating Expenses	<u>159,308.00</u>	<u>157,508.93</u>
Operating Income (Loss)	(6,946.93)	4,302.35
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest earned	9,653.05	8,540.92
Lease income	3,922.00	3,922.00
Total Non-Operating Revenues (Expenses)	<u>13,575.05</u>	<u>12,462.92</u>
Income Before Operating Transfers	6,628.12	16,765.27
<u>OPERATING TRANSFERS</u>		
Transfers from General Fund/Capital Improvements	31,366.29	-
Transfers to General Fund	<u>(56,425.36)</u>	<u>(6,502.87)</u>
Total Operating Transfers	<u>(25,059.07)</u>	<u>(6,502.87)</u>

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET ASSETS (Continued)
CEMETERY FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Change in Net Assets	\$ (18,430.95)	\$ 10,262.40
Net Assets, beginning	436,739.45	429,809.55
Adjustments to prior periods	<u>(3,312.00)</u>	<u>(3,332.50)</u>
Net Assets, ending	<u>414,996.50</u>	<u>436,739.45</u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS
CEMETERY FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 194,532.65	\$ 198,246.41
Cash paid to suppliers for goods/services	(73,452.82)	(82,927.79)
Cash paid to employees for services	<u>(114,332.36)</u>	<u>(108,156.52)</u>
Net Cash Provided by Operating Activities	6,747.47	7,162.10
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Operating transfers in	31,366.29	-
Operating transfers out	<u>(56,425.36)</u>	<u>(6,502.87)</u>
Net Cash Used for Non-Capital Financing Activities	(25,059.07)	(6,502.87)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	<u>(27,172.00)</u>	-
Net Cash Used for Capital and Related Financing Activities	(27,172.00)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	9,653.05	8,540.92
Lease income	3,922.00	3,922.00
Purchase/maturities of securities	<u>(47,839.11)</u>	<u>(3,980.90)</u>
Net Cash Provided by (Used for) Investing Activities	<u>(34,264.06)</u>	<u>8,482.02</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(79,747.66)	9,141.25
Cash and Cash Equivalents, beginning of year	<u>129,747.66</u>	<u>120,606.41</u>
Cash and Cash Equivalents, end of year	<u><u>50,000.00</u></u>	<u><u>129,747.66</u></u>

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS (Continued)
CEMETERY FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (6,946.93)	\$ 4,302.35
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	14,294.24	11,336.98
(Increase) decrease in assets:		
Inventory	3,708.60	7,888.50
Accounts receivable	107.88	(9,326.56)
Increase (decrease) in liabilities:		
Accounts payable	4,538.36	(296.25)
Merchandise payable	(10,297.50)	(9,494.50)
Compensated absences payable	1,342.82	2,751.58
Net Cash Provided by Operating Activities	<u>6,747.47</u>	<u>7,162.10</u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES
CEMETERY FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>ADMINISTRATIVE</u>		
Association dues	\$ 1,164.50	\$ 1,249.50
Computer expenses	-	2,410.00
Office supplies	4,570.60	5,810.81
Professional fees	2,542.15	2,301.69
Total Administrative	8,277.25	11,772.00
<u>DEPRECIATION</u>	14,294.24	11,336.98
<u>EMPLOYEE AND RELATED EXPENSES</u>		
Employee drug testing	-	144.76
Insurance	19,563.11	15,627.86
Retirement	12,794.76	9,427.40
Salaries and overtime	82,695.24	85,103.14
Uniforms	622.07	604.94
Total Employee and Related Expenses	115,675.18	110,908.10
<u>OCCUPANCY</u>		
Insurance	2,816.00	2,773.00
Telephone	1,523.44	1,795.41
Utilities	3,356.89	3,370.29
Total Occupancy	7,696.33	7,938.70

CITY OF BAKER, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES (Continued)
CEMETERY FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>PERSONAL SERVICES</u>		
Bad debt expense	\$ -	\$ 1,300.00
Equipment rentals	300.96	200.48
Maintenance and repairs	5,645.43	3,439.04
Official journal	819.33	537.18
Trust fees	2,338.95	1,768.91
Vehicle expense	4,260.33	8,307.54
Total Personal Services	13,365.00	15,553.15
Total Operating Expenses	159,308.00	157,508.93

The accompanying notes are an integral part of this statement.

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
CITY PARISH SEWER REVENUE FUND
JUNE 30, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 25,000.00	\$ 25,000.00
Investments	152,501.33	157,276.18
Due from other governmental agencies	5,563.94	7,389.87
Prepaid expenses	6,427.33	7,476.07
Total Current Assets	189,492.60	197,142.12
Fixed Assets:		
Property, plant and equipment, at cost, net of accumulated depreciation of \$4,075.49 in 2005 and \$4,075.49 in 2004		
	-	-
TOTAL ASSETS	189,492.60	197,142.12
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:	-	-
Long-Term Liabilities:		
Compensated absences payable	5,221.15	5,406.76
Net Assets:		
Unrestricted	184,271.45	191,735.36
TOTAL LIABILITIES AND NET ASSETS	189,492.60	197,142.12

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
CITY PARISH SEWER REVENUE FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>OPERATING REVENUES</u>		
City Parish sewer user fees	\$ 71,362.81	\$ 62,468.21
<u>OPERATING EXPENSES</u>		
Administrative	1,074.20	976.69
Employee and related expenses	43,122.47	46,303.11
Personal services	15,099.64	16,278.66
Total Operating Expenses	<u>59,296.31</u>	<u>63,558.46</u>
Operating Income (Loss)	12,066.50	(1,090.25)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest earned	<u>4,655.49</u>	<u>4,511.82</u>
Income Before Operating Transfers	16,721.99	3,421.57
<u>OPERATING TRANSFERS</u>		
Transfers to General Fund	<u>(24,185.90)</u>	<u>(4,034.74)</u>
Change in Net Assets	(7,463.91)	(613.17)
Net Assets, beginning	<u>191,735.36</u>	<u>192,348.53</u>
Net Assets, ending	<u><u>184,271.45</u></u>	<u><u>191,735.36</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS
CITY PARISH SEWER REVENUE FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 73,188.74	\$ 60,588.51
Cash paid to suppliers for goods/services	(15,125.10)	(19,583.62)
Cash paid to employees for services	(43,308.08)	(44,387.79)
Net Cash Provided by (Used for) Operating Activities	14,755.56	(3,382.90)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Operating transfers out	(24,185.90)	(4,034.74)
Net Cash Used for Non-Capital Financing Activities	(24,185.90)	(4,034.74)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	4,655.49	4,511.82
Purchase/maturities of securities	4,774.85	2,905.82
Net Cash Provided by Investing Activities	9,430.34	7,417.64
Net Increase in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents, beginning of year	25,000.00	25,000.00
Cash and Cash Equivalents, end of year	25,000.00	25,000.00

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS (Continued)
CITY PARISH SEWER REVENUE FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ 12,066.50	\$ (1,090.25)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
(Increase) decrease in assets:		
Accounts receivable	1,825.93	(1,879.70)
Prepaid expenses	1,048.74	(2,328.27)
Increase (decrease) in liabilities:		
Compensated absences payable	(185.61)	1,915.32
Net Cash Provided by (Used for) Operating Activities	<u>14,755.56</u>	<u>(3,382.90)</u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES
CITY PARISH SEWER REVENUE FUND
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>ADMINISTRATIVE</u>		
Professional fees	\$ 1,074.20	\$ 976.69
<u>EMPLOYEE AND RELATED EXPENSES</u>		
Insurance	8,189.08	6,076.44
Retirement	4,337.04	3,723.87
Salaries and overtime	30,596.35	36,152.80
Uniforms	-	350.00
Total Employee and Related Expenses	43,122.47	46,303.11
<u>PERSONAL SERVICES</u>		
Computer expense	1,193.75	562.50
Postage	13,436.30	12,341.58
Money market fees	469.59	477.08
Supplies	-	2,897.50
Total Personal Services	15,099.64	16,278.66
Total Operating Expenses	59,296.31	63,558.46

The accompanying notes are an integral part of this statement.

SUPPLEMENTARY SCHEDULES AND INFORMATION

CITY OF BAKER, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
YEAR ENDED JUNE 30, 2005

<u>Name</u>	<u>Salary</u>	<u>Retirement</u>	<u>Travel and Insurance</u>	<u>Total</u>
Mayor Rideau	\$ 57,168.00	\$ 8,575.00	\$ 3,049.00	\$ 68,792.00
Councilpersons:				
Pourciau	12,600.00	964.00	547.00	14,111.00
Russell	12,600.00	183.00	1,502.00	14,285.00
Vincent	12,600.00	964.00	1,568.00	15,132.00
Walls	12,600.00	964.00	981.00	14,545.00
Welch	12,600.00	964.00	870.00	14,434.00
Chief of Police Gautreaux	55,440.00	5,314.00	.00	60,754.00
Judge Plaisance	25,000.00	4,450.00	.00	29,450.00
 Total	 182,392.00	 21,602.00	 13,266.00	 217,260.00

Auto leases for Mayor Rideau of \$7,016 and Police Chief Gautreaux of \$5,702 are not included in the expenses above.

Individual membership dues for Mayor Rideau of \$350 (La. Chapter of National Conference of Black Mayors) are also not included in the expenses above.

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P. O. BOX 30
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the remaining fund information of the City of Baker, Louisiana, which collectively comprise the basic financial statements as listed in the table of contents, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 14, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

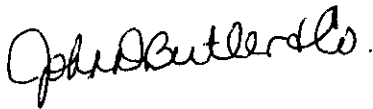
As part of obtaining reasonable assurance about whether the City of Baker, Louisiana's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The Honorable Harold Rideau, Mayor
and the Members of the Baker City Council
Page Two

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Baker, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our *opinion on the financial statements and not to provide assurance on the internal control over financial reporting*. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

A handwritten signature in black ink, appearing to read "John D. Butler".

John D. Butler & Company
A Professional Accounting Corporation
December 14, 2005

CITY OF BAKER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the remaining fund information of the City of Baker, Louisiana, which collectively comprise the basic financial statements as listed in the table of contents, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 14, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2005, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

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

Internal Control	Material Weakness	☐ No
	Reportable Condition	☐ No
Compliance	Compliance Material to F/S	☐ No

2. Federal Awards

N/A

Section II Financial Statement Findings

N/A

Section III Federal Award Findings and Questioned Costs

N/A

**CITY OF BAKER, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2005**

Section I Internal Control and Compliance Material to the Financial Statements

01-01 Salaries Paid Outside of Budget Authority Recommendation was (1) to consult with the City's attorney to determine the appropriate salaries to be paid and (2) that future pay plans be approved with a salary range including a minimum and maximum per position.	Resolved
01-03 Unauthorized Increase in Mayor's Salary Recommendation was that any unauthorized payments be returned to the City.	Resolved; <i>No further action will be taken</i>
01-06 Personnel Action Forms Recommendation that personnel forms be accompanied with documentation to support the change requested and that a policy be put into place allowing for amicable resolutions to future disputed changes	Resolved
02-03 Payment for Loss of Vehicle Use Recommendation that invoices supporting the rental of a vehicle be provided to Finance Dept. or, if such documentation cannot be provided, that \$379.18 be remitted to the City by Mayor Davis	Resolved; <i>No further action will be taken</i>
02-04 Third-Party Endorsement Recommendation that (1) all supporting documentation related to the repair of the Mayor's vehicle be provided to Finance Dept. and (2) a policy be created that requires all checks written to the City of Baker be deposited into consolidated cash or another appropriate City account	Resolved; <i>No further action will be taken</i>
2003-01 Professional Services Recommendation that all contracts be executed only with Council approval	Resolved

Continued

CITY OF BAKER, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS (Continued)
YEAR ENDED JUNE 30, 2005

Section II Internal Control and Compliance Material to Federal Awards

N/A

Section III Management Letter

M02-06 Executed Contracts Recommendation that all contracts be executed with Council approval	Resolved
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**CITY OF BAKER, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2005**

Section I Internal Control and Compliance Material to the Financial Statements

N/A

Section II Internal Control and Compliance Material to Federal Awards

N/A

Section III Management Letter

N/A