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COMPREHENSIVE ANNUAL FINANCIAL REPORT



For The Year Ended
December 31, 2003

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

Prepared by
Finance Department
David M. Medlin, CPA, Director

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

Release Date 7-7-04

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
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Department of Finance
Accounting Division

City of Baton Rouge
Parish of East Baton Rouge

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May 25, 2004

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

Dear Mayor-President and Council Members:

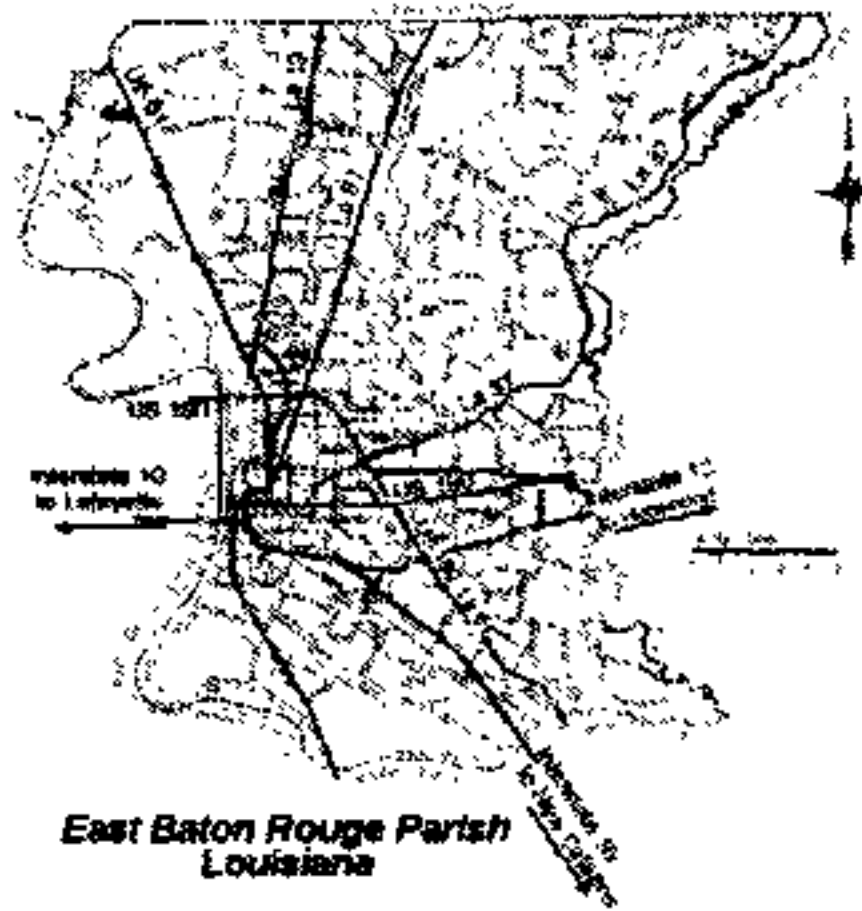
Pursuant to Louisiana State Statutes and The Plan of Government, I hereby issue the Comprehensive Annual Financial Report (CAFR) for the consolidated government of the City of Baton Rouge and Parish of East Baton Rouge (City-Parish) for the fiscal year ended December 31, 2003. The Accounting Division of the City-Parish Finance Department prepared this report in accordance with Generally Accepted Accounting Principles (GAAP). We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the City-Parish as measured by the financial activities of its various funds and the entity-wide presentation; and that disclosures necessary to enable readers to gain an understanding of City-Parish financial affairs have been included. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the local government.

The City-Parish financial statements have been audited by Postlethwaite & Netterville, APAC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Consolidated Government of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, financial statements for the fiscal year ended December 31, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first document of the financial section of this report.

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

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

Profile of the Government



The Parish of East Baton Rouge was established as a division of government of the *West Florida Republic* in 1810. The Parish later became a local governmental unit of the State of Louisiana and the United States when Louisiana was admitted to the Union in 1812. The City of Baton Rouge was incorporated as a municipality on July 6, 1817. These two government entities operated as separate local government units until January 1, 1949. At an election on August 12, 1947, the voters of both the parish and the city adopted the current Plan of Government (as amended) which consolidated the administration of most local government services for the city and the parish. Baton Rouge was one of the first consolidated forms of local government established in the United States. The elected Mayor-President serves as the leader of the executive branch of City-Parish government.

The legislative branch is the elected Metropolitan Council, which is composed of 12 district representatives.

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



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

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

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

The financial statements included in this CAFR are as follows:

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

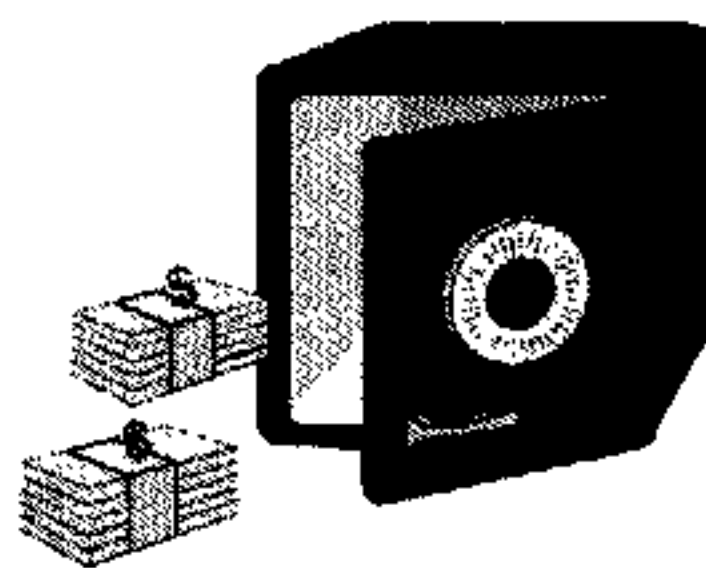
An explanation of the accounting policies of the City-Parish is contained in the Notes to the Financial Statements. The basis of accounting, fund structure, and other significant information on financial policy are explained in detail in the Notes to the Financial Statements.

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund. For the General Fund, this comparison is presented in Exhibit A-7. The Capital Projects Fund budget statement is presented on a project length basis as legally adopted by the Metropolitan Council on Exhibit C-3. For other governmental funds, the annual budget comparison is presented in the Combining and Individual Fund Statements and Schedules, Exhibits C-4 through C-23.

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

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



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

FACTORS AFFECTING FINANCIAL CONDITION

Economic Condition and Outlook

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



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

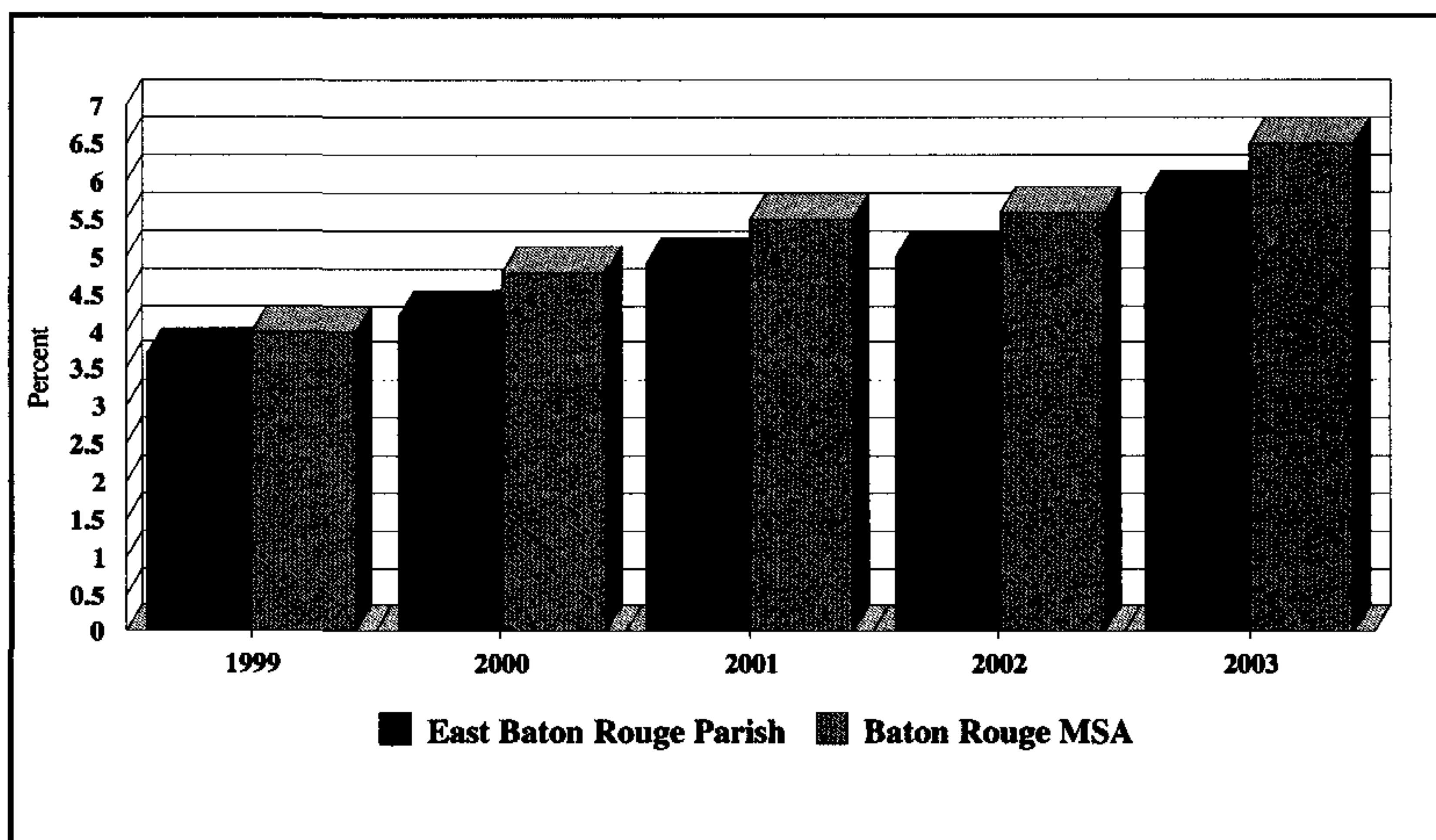
According to the Louisiana Department of Labor, the annual average rate of local unemployment rose in 2003, as reflected in the following chart:

	<u>East Baton Rouge Parish</u>	<u>Baton Rouge MSA</u> ⁽¹⁾
1999	3.7	4.0
2000	4.2	4.8
2001	4.9	5.5
2002	5.0	5.6
2003 ⁽²⁾	5.8	6.5

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

⁽²⁾ Preliminary Figures

AVERAGE UNEMPLOYMENT RATE LAST FIVE YEARS



According to leading economists, the Baton Rouge Metropolitan Statistical Area (MSA) will see very little job growth within the next two years. The petrochemical industry is a huge factor in the MSA's economy. When the chemical and refining industries expand so does industrial construction. The national recession hit chemical sales in this sector very hard and weakened the price of chemical products. The projected national recovery should offset these lower prices in the next two years. However, high natural gas prices in the area have raised operating costs in a declining demand market and caused several chemical firms in the MSA to announce layoffs or to close either temporarily, partially, or completely. Not only has direct chemical employment suffered, but many planned plant expansion projects have been postponed.

However, several large construction projects are scheduled to begin or continue over the next two years in the area which is expected to offset the above-mentioned reduction in jobs. Some of these projects include:

- The \$30 million **D'Iberville Building** to house the Department of Natural Resources;
- Another \$30 million to construct the **Bienville Building** for the Department of Education;
- The \$50 million **Shaw Performing Arts Center** is underway and will be in construction through 2005;
- LSU will spend \$29.1 million to build a new residential college and another \$18.5 million to remake its music and dramatic arts building;
- A private firm is very close to final arrangements to spend \$40 million on a large condominium project on the site of the old Travelodge Hotel in downtown Baton Rouge.

The Baton Rouge economy grew in 2003 as reflected by the growth in sales and use tax collections. General sales and use tax (2 percent) for the operations of the City and Parish were \$5,509,586 more than 2002 revenues, representing a 4.41 percent increase. Sales tax collections for the ½ percent sewerage tax were \$ 806,246 more than last year and the collections of the ½ percent road and street improvement tax increased from 2002 by \$351,006. The general sales and use tax plays a significant role in financing the operations of the general fund.

As part of the City-Parish revenue estimating process, Dr. James A. Richardson, John Rhea Alumni Professor of Economics at Louisiana State University, and Dr. Loren C. Scott, Professor Emeritus in the Department of Economics at Louisiana State University, were asked to comment on their prediction of sales and use tax revenue growth in East Baton Rouge Parish for 2004. The economists indicated the following:

“The Baton Rouge economy is undergoing a pause in its long-term growth environment. During the 1990s, the Baton Rouge economy was the fastest growing metropolitan region in the state, a 36.5 percent growth in employment compared to a statewide growth rate of 17.2 percent. From 2000 to the estimated employment for 2003, Baton Rouge has lost 6,000 jobs, a 1.9 percent reduction in employment compared to a statewide average of 0.9 percent reduction in employment. Despite these employment losses during the last three years, Baton Rouge’s sales tax collections declined only in 2001 relative to the previous year. In 2002, City-Parish sales tax collections grew by 3.53 percent and, for the first six months of 2003, sales tax collections have grown by about 3.55 percent. The question is how do we expect the Baton Rouge economy to perform for calendar 2004 and how do we project sales tax collections to relate to the economic activity.

The Baton Rouge economy will benefit from a growing national economy, an improving exchange rate for US exports, a stable oil and gas market, and ongoing activities in developing downtown Baton Rouge with construction on two new state buildings, the expansion of the Riverside Centroplex, the development of the Shaw Performing Arts Center, other projects in downtown Baton Rouge, and construction projects at the major universities and research centers. However, there are several question marks about the Baton Rouge economy as well; namely, the downturn in the petrochemical industry and the significance of that industry in the Baton Rouge metropolitan area. The petrochemical industry is especially significant because of the large multiplier effects associated with this activity. In addition, it is estimated that state government will have about a \$650 million budget gap to solve next spring. Any major reduction in state programs will have an impact on the Baton Rouge economy. Based on these inputs, we are projecting a modest recovery in Baton Rouge over the next two years. Specifically, we are projecting employment to grow by 700 jobs in 2004 and 1,200 jobs in 2005. These are very modest growth projections, especially compared to the job growth in the 1990s of over 7,000 new jobs per year.

Sales tax collections grew by more than 5 percent a year from 1993 through 1999. Sales tax collections have grown by about 1.75 percent a year from the year 2000 through mid 2003.

Based on the modest employment projections and the history of the sales tax collections, we believe it would be prudent to incorporate a sales tax projection of 1.5 to 2.5 percent in the 2004 budget for the City-Parish.

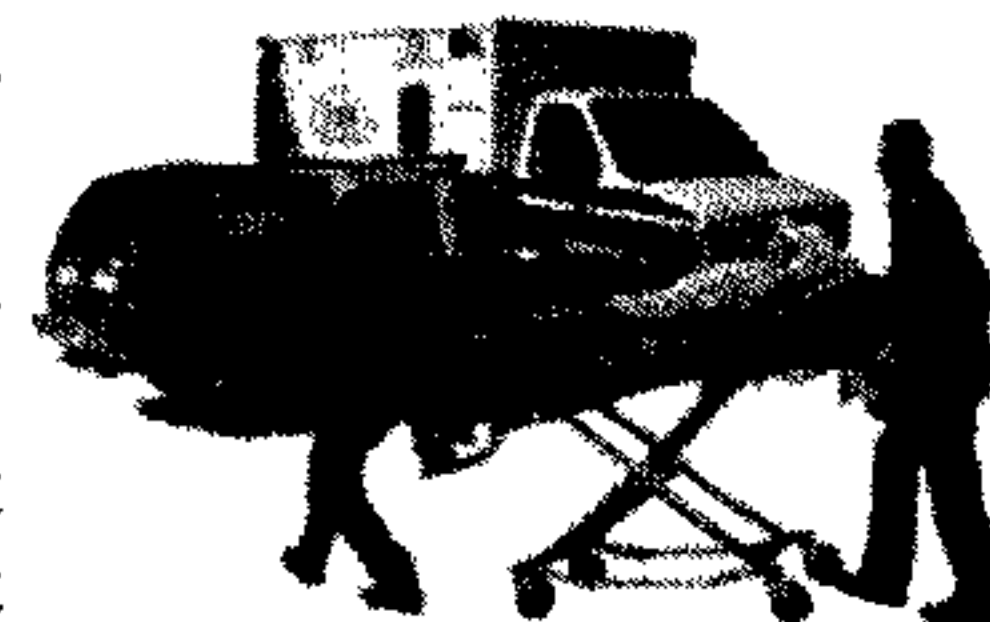
The Baton Rouge economy has long been a leader in economic growth around the State. The local economy is now in transition. The petrochemical industry will continue to be a major contributor to the economic vitality of Baton Rouge, but we have to put additional emphasis on other engines of economic development. Thankfully, the Baton Rouge metropolitan area has an array of assets that should allow it to once more become the fastest growing metropolitan area in the state."

Major Initiatives in 2003



On April 1, 2003, the Parish issued \$112,720,000 of Public Improvement (Sewer) Sales Tax Bonds to refund: (1) \$30.2M 1993 Public Improvement (Sewer) Sales Tax Bonds (net interest cost 5.49%; principal refunded - \$23,405,000); (2) the \$70M 1993(A) Public Improvement (Sewer) Sales Tax Revenue Bonds (net interest cost 5.13%; principal refunded - \$53,160,000); and (3) the callable portion of the \$36M 1995 Public Improvement (Sewer) Sales Tax Revenue Bonds (net interest cost 5.97%; principal refunded - \$33,070,000). Gross cash savings of principal and interest on the refunding were realized by the Comprehensive Sewerage System Fund in the amount of \$4.7 million, and the net economic gain was \$4.5 million, as detailed in Note 10(a)13 of the Notes to Financial Statements.

On November 15, 2003, taxpayers renewed a 3.13 mill parish-wide property tax for operation and maintenance costs and expenses of providing emergency medical services within the Parish of East Baton Rouge for the years 2005 through 2014. The department of Emergency Medical Services (EMS) strives to maintain a state-of-the-art response capability throughout the parish. They have established a number of programs that reduce costs and effectively use resources to provide faster responses, better treatment techniques, and quality trained paramedics. In addition, EMS continuously provides high quality educational and preventive programs which are key to protecting the public. Taxpayers strongly endorsed the operations of this department by approving the tax with over 72 percent of the vote supporting the referendum.



Long-Term Financial Planning

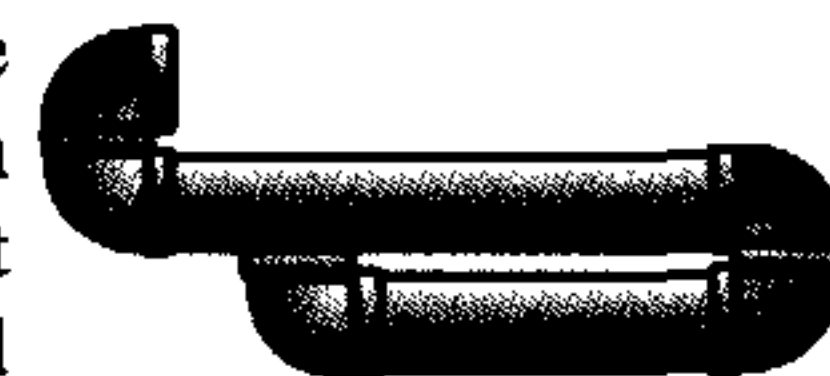
The Riverside Centroplex expansion is being financed by the parish's portion of a state sales tax on hotel and motel rooms, Louisiana state capital outlay appropriations, and City-Parish local funds. A portion of the cost was originally financed through a bond sale in 2001. The expansion will add 70,000 square feet of exhibition space and 15,000 square feet of meeting space. The added space and numerous private and public development projects adjacent to the facility are expected to allow the Centroplex to compete as a second-tier convention center. The total project authorization is currently \$44.4 million. The expansion project is scheduled to be completed by December of 2004.

A special taxing district was established and created by the Louisiana Legislature in 2002. It is called the Capitol House Taxing District which is comprised of a hotel located in downtown Baton Rouge. The Board of Commissioners of the new taxing district authorized the levy and collection of a 12.97% sales tax upon the occupancy of hotel rooms within the District. The sales tax will be used by the District to pay debt service on approximately \$12.5 million of the District's bonds, the proceeds of which will be used to finance the acquisition and improvement of the Capitol House Hotel. The balance of the costs of acquiring and improving the hotel, in the approximate amount of \$37.5 million, will be financed with tax credits and private equity funding.

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

Sanitary Sewer Overflow Construction Program

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



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

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

The SSO Construction Program will be financed significantly by the issuance of long-term-debt secured by sewer user fees and sewer sales taxes. The user fee increases approved by the Metropolitan Council will provide the Parish with a stronger user fee revenue base to secure bonds backed by the sewer user fee. It is estimated that approximately \$300 million in sewer user fee bonds will be issued. Other funding mechanisms that will be considered over the next three years include borrowing funds from the Louisiana Department of Environmental Quality's Revolving Loan Fund and financing a part of the program with variable-rate debt from the Louisiana Community Development Authority (LCDA). Pay-as-you-go funds generated from system operations will also be used in the construction program.

Postemployment Benefits Other Than Pension Plans

One of the administration's primary concerns for the future financial planning process are "other postemployment benefit costs" (OPEB). In April 2004, the Governmental Accounting Standards Board (GASB) issued *Statement No. 43, Financial Reporting by Employers for Postemployment Benefits Other Than Pension Plans*. The new standard addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other non-pension benefits provided to retirees. The new GASB standard will require the City-Parish to account for OPEB on an actuarial basis by December 31, 2006. The employer's portion of retiree health and dental insurance premiums have historically been paid by the General Fund. Effective January 1, 2003, the current costs of these premiums have been allocated to all employers and funds that participate in the health and dental self-insurance programs. Year 2003 claims totaled over \$7.9 million.

A committee has been formed to study the establishment of a City-Parish OPEB plan and the ability of the government to fund such a plan on an actuarial basis. In addition, members of the Human Resources Advisory Committee are studying alternatives concerning employee benefits for future employees in order to limit long-term liabilities, including OPEB. The recommendations are expected to be presented to the Metropolitan Council within the next year.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Baton Rouge and Parish of East Baton Rouge for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City-Parish has received this award each year for the 16-year period ending December 31, 2002. I believe our current report conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for a certificate.

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

The preparation of this report on a timely basis could not have been accomplished without the dedicated services of a highly qualified staff. I also acknowledge the thorough, professional, and timely manner in which the audit was conducted by our independent auditors, Postlethwaite & Netterville, APAC. In addition, I express my sincere appreciation to Mayor-President Bobby Simpson and the Metropolitan Council for the support they have shown the Finance Department over the last year. With the assistance of the Mayor-President and Metropolitan Council, we will strive to continuously improve our accounting and financial reporting to the people of East Baton Rouge Parish and other readers of our financial reports.

Respectfully submitted,

David M. Medlin, CPA

David M. Medlin, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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



President

Executive Director

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
PRINCIPAL OFFICIALS
DECEMBER 31, 2003**



**Mayor-President
Bobby Simpson**



**District 1
Wayne Carter**



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



**District 3
Pat Culbertson**



**District 4
Joseph "Joe" Greco**



**District 5
Charles Kelly**



**District 6
Martha J. Tassin**

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
PRINCIPAL OFFICIALS
DECEMBER 31, 2003**



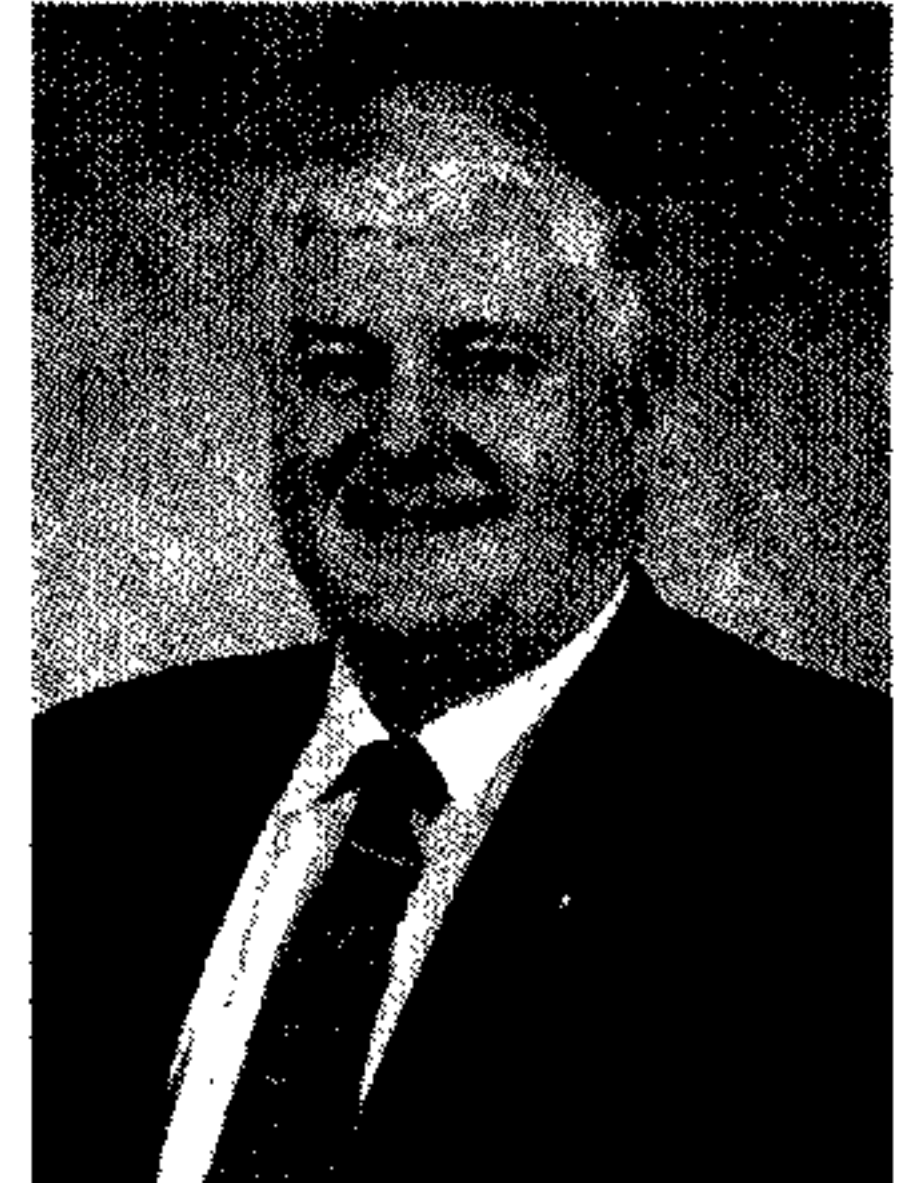
**President Pro-Tempore
District 10
Lorri Burgess**



**District 7
Byron Sharper**



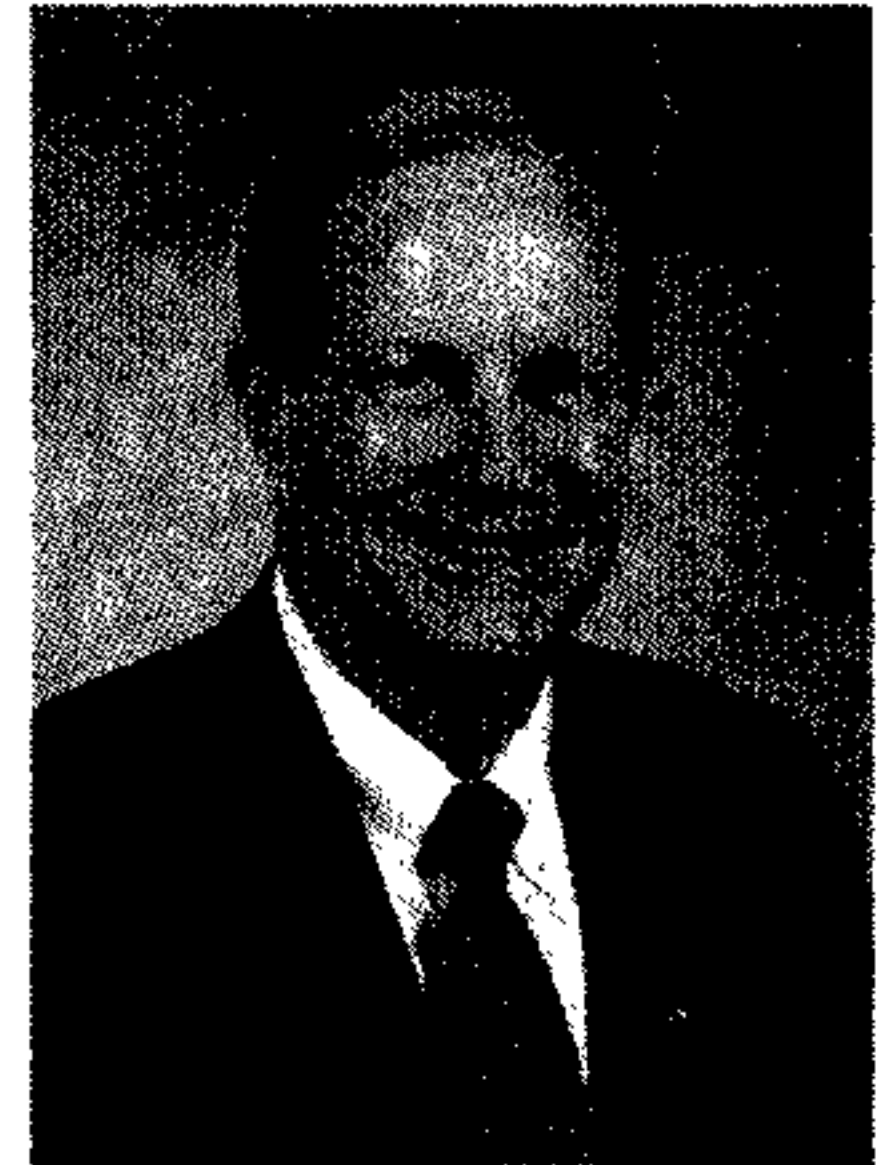
**District 9
Darrell P. Ourso**



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

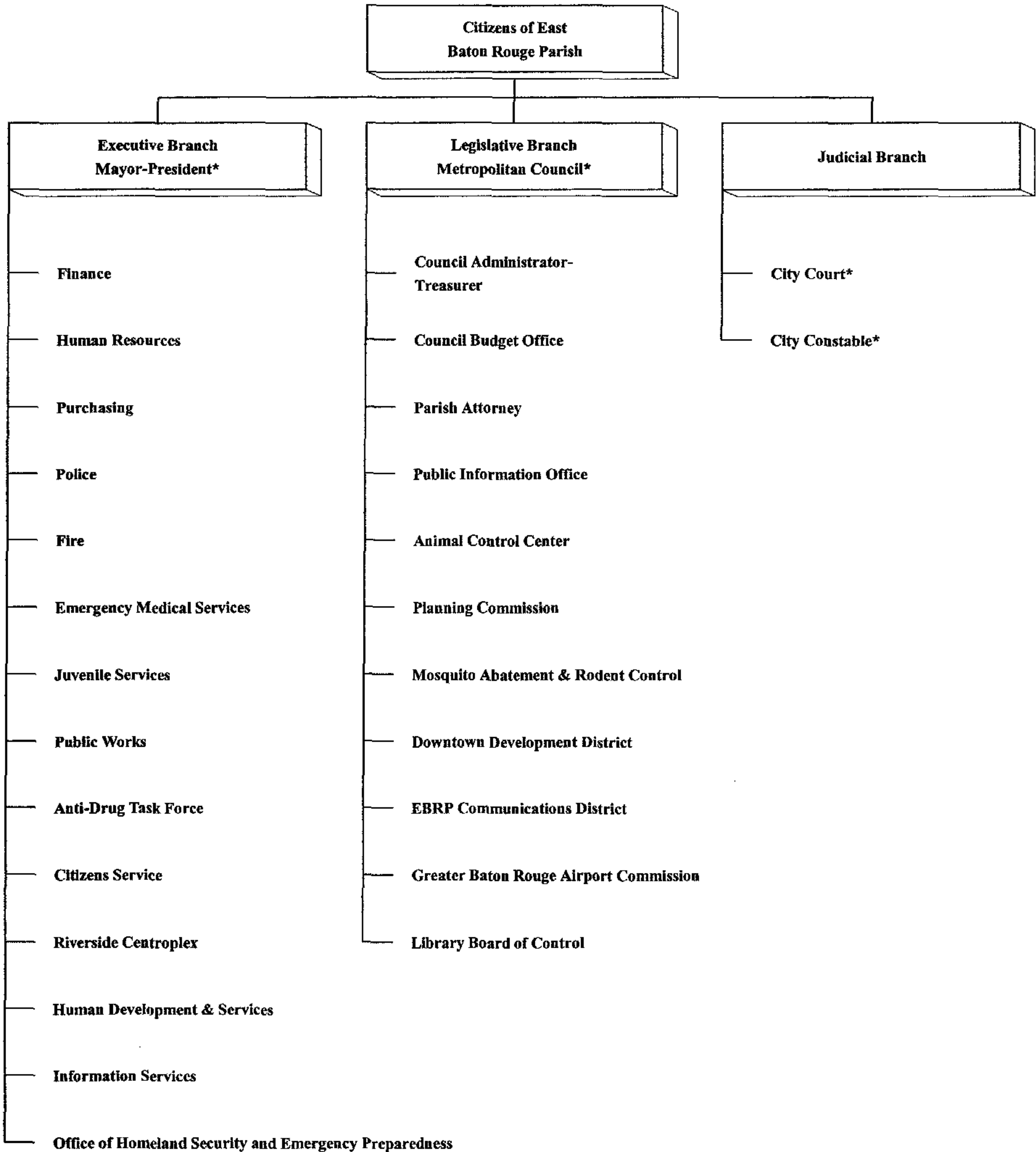


**District 11
David J. Boneno**



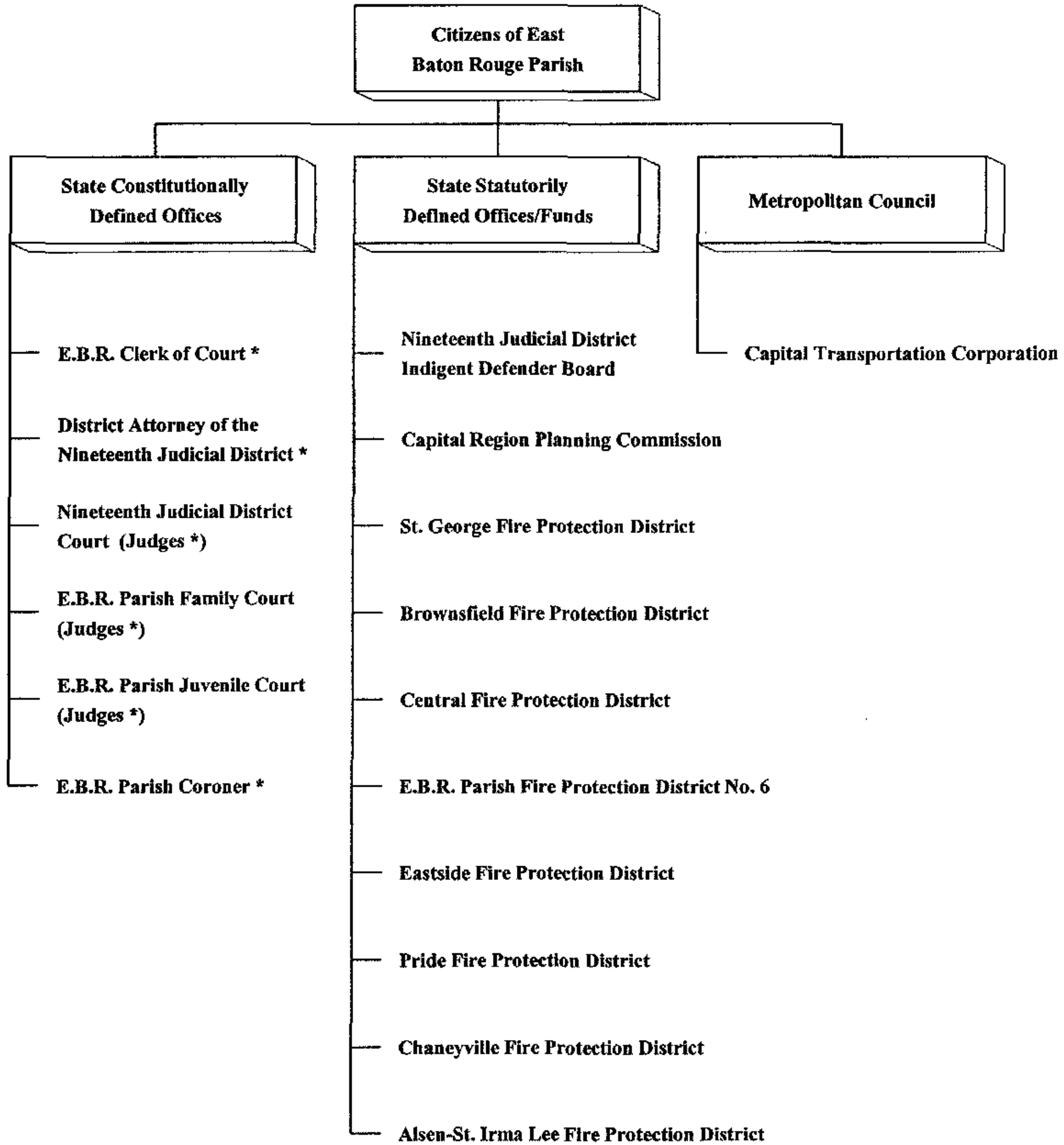
**District 12
James T. "Jim" Benham**

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



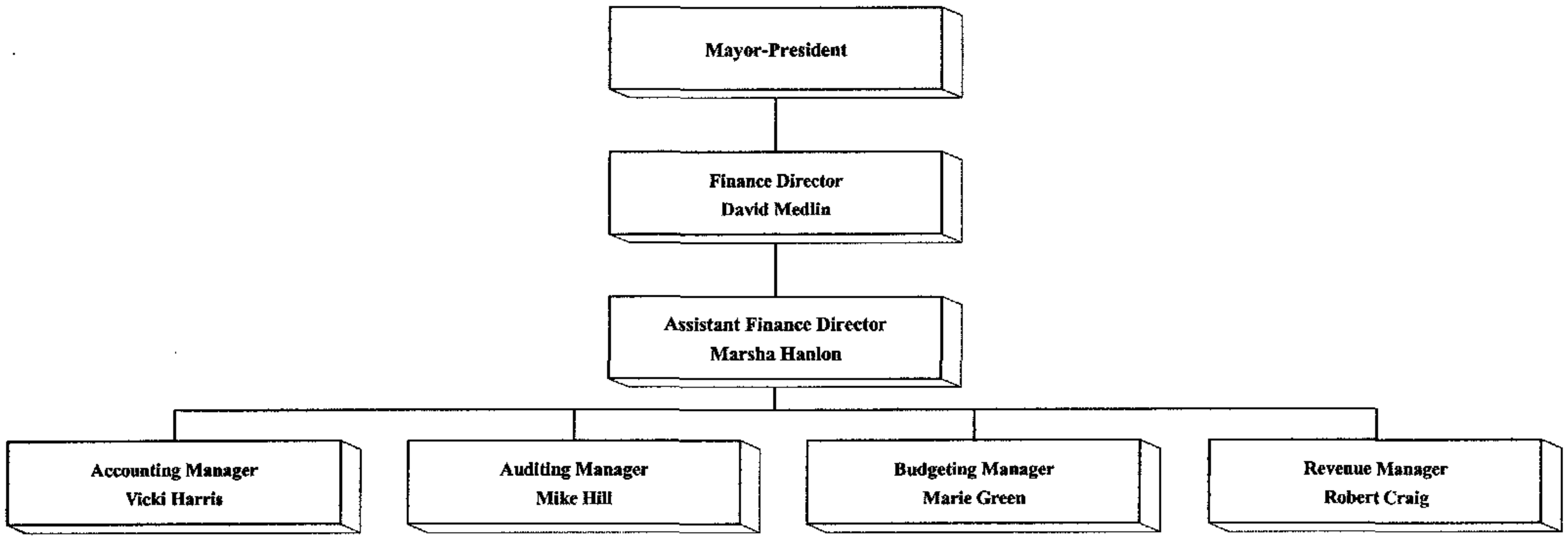
* Designates Elected Officials

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



* Designates Elected Officials

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





Postlethwaite & Netterville

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, the fiduciary fund, and the aggregate remaining fund information of the City of Baton Rouge and Parish of East Baton Rouge, Louisiana (City-Parish) as of and for the year ended December 31, 2003, which collectively comprise the City-Parish's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City-Parish's non-major governmental, non-major enterprise, and internal service funds presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the City-Parish's management. Our responsibility is to express an opinion on these *financial statements and schedules based on our audit. We did not audit the financial statements of certain component units discretely presented as described in note 1a to the financial statements which represent 68% and 64%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon were furnished to us, and our opinion, herein, insofar as it relates to the amounts included for these entities, is based upon the reports of the other auditors.*

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

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the fiduciary fund, and the aggregate remaining fund information of the City of Baton Rouge-Parish of East Baton Rouge as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, and internal service fund of the City-Parish as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2004, on our consideration of internal control over financial reporting of the City-Parish and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis beginning on page 3, and the Trend Data on Pension Funding listed as Required Supplemental Information in the Table of Contents as Exhibits B-1 through B-3, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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



Baton Rouge, Louisiana
May 25, 2004

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

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

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

FINANCIAL HIGHLIGHTS

- Assets of the City-Parish primary government exceeded its liabilities at the close of the most recent fiscal year by \$962.5 million (*net assets*). Of this amount, \$130.3 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The primary government's total net assets increased by \$85.4 million during 2003. Governmental activities' net assets increased \$37.4 million during 2003, primarily as a result of the increase in capital assets from outside contributions (\$23.0 million), the reduction of prior-year long-term debt (\$4.1 million), additional tax revenues in the governmental activities (\$9.8 million), and other miscellaneous increases (\$0.5 million). Additional sewer user fees (\$3.7 million), sales tax revenues collected in excess of debt service and non-operating expenses in the sewerage fund (\$19.2 million), contributions from the federal and state governments, subdivision developers, and impact fees (\$25.0 million), and other miscellaneous increases (\$0.1 million) accounted for the rise in net assets in business-type activities.
- As of the close of the current fiscal year, the primary government's governmental funds reported combined ending fund balances of \$280.4 million, a decrease of \$3.5 million in comparison with the prior year. Approximately 42% of the fund balances, \$116.5 million, is *available for spending* at the City-Parish's discretion (*unreserved fund balance*).
- At December 31, 2003, unreserved fund balance for the General Fund was \$58.8 million, or 30% of total 2003 General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

With the implementation of Governmental Accounting Standards Board Statement No. 34, a government's presentation of financial statements has been greatly changed. The new statements focus on the government as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the reader to address relevant questions, broaden a basis for comparison (year to year or government to government) and should enhance the City-Parish's accountability.

Government-Wide Financial Statements

The government-wide financial statements (see Exhibits A-1 and A-2) are designed to be similar to those of private sector businesses in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. The statements combine all governmental funds' current financial resources with capital assets and long-term obligations. Donated infrastructure for the years 1980 - 2000 is expected to be included by 2006. Also presented in the government-wide financial statements is a total column for the business-type activities of the primary government. Component units are separate legal governmental entities to which the City-Parish Metropolitan Council may be obligated to provide financial assistance and are presented as a separate column in the government-wide statements

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

and as individual activities in the fund financial statements. All City-Parish component unit agencies except for four fire protection districts (See exhibits H-1 through H-8) issue separate independently audited financial statements.

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

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

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

Fund Financial Statements

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

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

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

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

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

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

Capital Assets

General capital assets include land, improvements to land, easements, buildings, vehicles, machinery and equipment, infrastructure, and all other tangible assets that are used in operations and that have initial useful lives greater than two years and exceed the government's capitalization threshold (see Note 6, Exhibit A-15). The City-Parish has capitalized all purchased general capital assets. Donated infrastructure assets (those placed into the government's maintenance through contributions from private development) have not been capitalized in this financial presentation for the years 1980 through 2000. Donated governmental activities infrastructure accepted into City-Parish maintenance between year 2001 through 2003 have been capitalized. Governmental Accounting Standards Board Statement No. 34 allows the City-Parish a transitional period for reporting infrastructure assets to fiscal year 2006. The government plans to record all material donated assets within the next two fiscal years.

Notes to the Financial Statements

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

Other Information

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

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

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

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

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

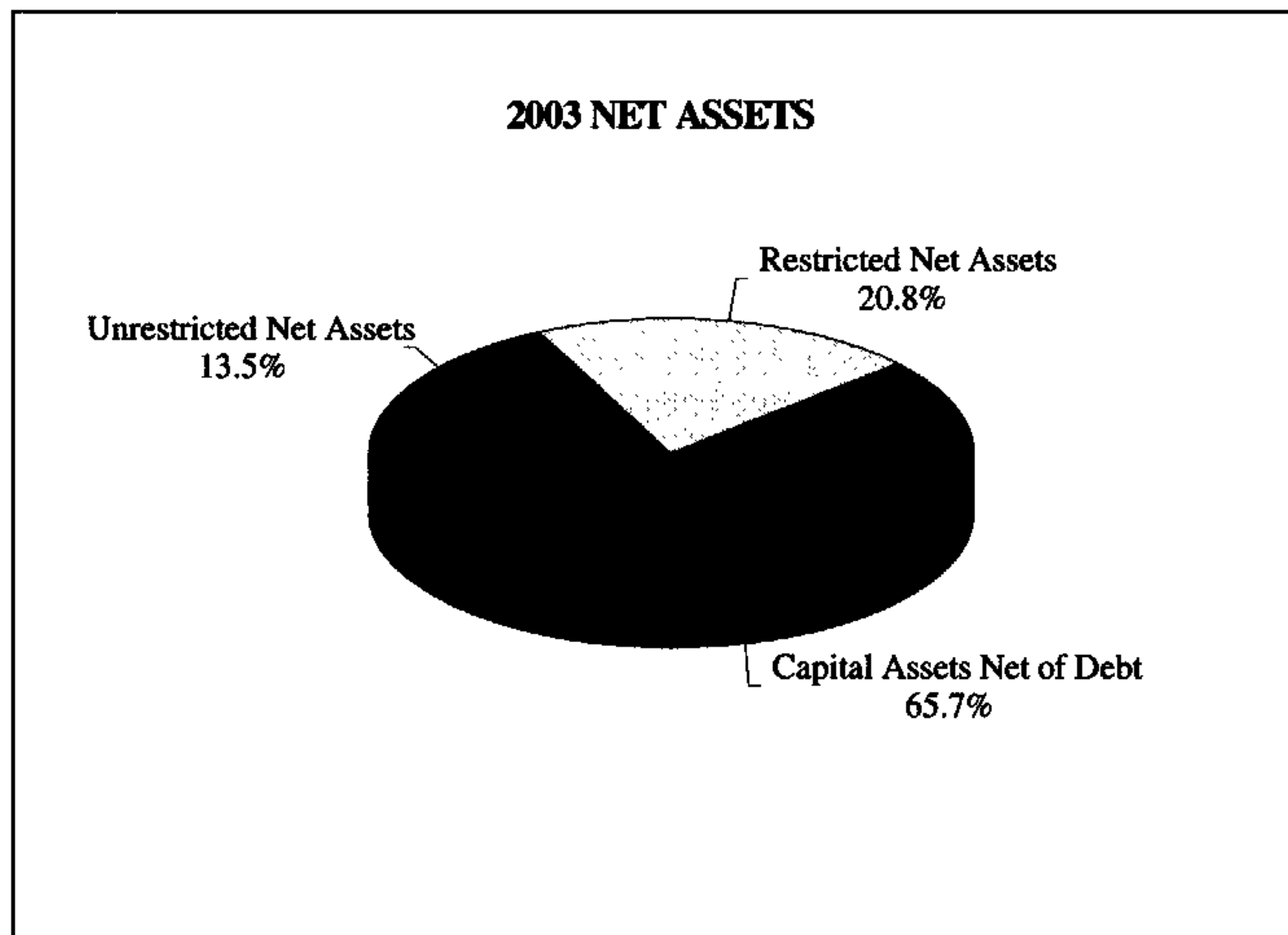
Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Assets for 2003, with comparative figures from 2002:

City of Baton Rouge, Parish of East Baton Rouge
Condensed Statement of Net Assets
December 31, 2003 & 2002
(in millions)

	Governmental		Business-		Total	
	Activities		Type			
	2003	2002	2003	2002	2003	2002
Assets:						
Current and Other Assets	\$340.2	\$350.2	\$151.0	\$ 93.8	\$ 491.2	\$ 444.0
Restricted Assets	--	--	110.7	132.6	110.7	132.6
Capital Assets	<u>362.8</u>	<u>325.5</u>	<u>587.1</u>	<u>563.9</u>	<u>949.9</u>	<u>889.4</u>
Total Assets	<u>703.0</u>	<u>675.7</u>	<u>848.8</u>	<u>790.3</u>	<u>1,551.8</u>	<u>1,466.0</u>
Liabilities:						
Current Liabilities	47.3	53.3	28.3	12.5	75.6	65.8
Non-current Liabilities	<u>201.0</u>	<u>205.1</u>	<u>312.7</u>	<u>318.0</u>	<u>513.7</u>	<u>523.1</u>
Total Liabilities	<u>248.3</u>	<u>258.4</u>	<u>341.0</u>	<u>330.5</u>	<u>589.3</u>	<u>588.9</u>
Net Assets:						
Invested in Capital Assets Net of Debt	297.6	262.0	335.0	308.3	632.6	570.3
Restricted	148.5	151.5	51.1	71.6	199.6	223.1
Unrestricted	<u>8.6</u>	<u>3.8</u>	<u>121.7</u>	<u>79.9</u>	<u>130.3</u>	<u>83.7</u>
Total Net Assets	<u>\$454.7</u>	<u>\$417.3</u>	<u>\$507.8</u>	<u>\$459.8</u>	<u>\$ 962.5</u>	<u>\$ 877.1</u>

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



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

Approximately 65.7% (\$632.6 million) of the City-Parish's net assets as of December 31, 2003, reflect the government's investment in capital assets (land, buildings, infrastructure, machinery and equipment) less any related outstanding debt used to acquire those assets. The City-Parish government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Another 20.8% (\$199.6 million) of the government's net assets is subject to external restrictions on how those assets may be used, such as a property tax approved by the electorate for specific purposes. The remaining 13.5% of net assets, referred to as *unrestricted* (\$130.3 million), may be used to meet the ongoing obligations of the government to citizens and creditors.

The table below provides a summary of the changes in net assets for the year ended December 31, 2003, with comparative figures from 2002:

City of Baton Rouge, Parish of East Baton Rouge
 Condensed Statement of Changes in Net Assets
 For the Years Ended December 31, 2003 & 2002
 (in millions)

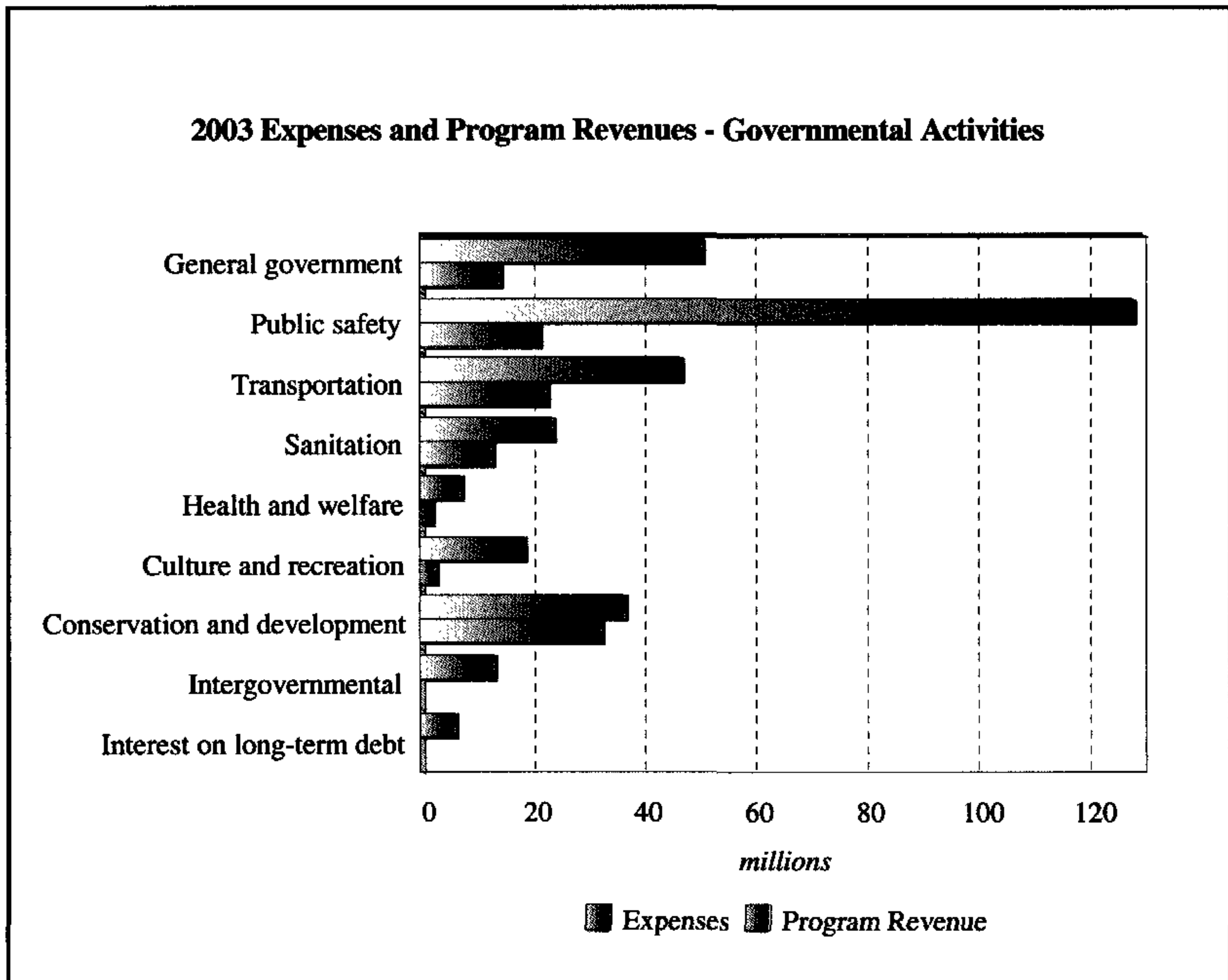
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 45.1	\$ 45.1	\$ 72.3	\$ 68.7	\$117.4	\$113.8
Operating Grants and Contributions	40.3	38.2	1.2	0.4	41.5	38.6
Capital Grants and Contributions	22.9	18.2	25.0	25.6	47.9	43.8
General Revenues:						
Sales Taxes	160.6	154.9	30.8	29.9	191.4	184.8
Other Taxes	102.4	98.0	--	--	102.4	98.0
Grants and Contributions Not Restricted to Specific Programs	4.5	4.1	--	--	4.5	4.1
Other	<u>5.5</u>	<u>5.7</u>	<u>3.2</u>	<u>4.3</u>	<u>8.7</u>	<u>10.0</u>
Total Revenues	<u>381.3</u>	<u>364.2</u>	<u>132.5</u>	<u>128.9</u>	<u>513.8</u>	<u>493.1</u>
Expenses:						
General Government	50.9	64.1	0.8	0.8	51.7	64.9
Public Safety	128.1	120.2	--	--	128.1	120.2
Transportation	46.9	29.1	13.6	12.2	60.5	41.3
Sanitation	23.6	23.1	79.6	78.8	103.2	101.9
Health and Welfare	7.1	8.1	--	--	7.1	8.1
Culture and Recreation	18.6	16.9	3.5	3.3	22.1	20.2
Conservation and Development	36.6	35.5	--	--	36.6	35.5
Intergovernmental	13.1	12.1	--	--	13.1	12.1
Interest on Long-Term Debt	<u>6.0</u>	<u>6.1</u>	<u>--</u>	<u>--</u>	<u>6.0</u>	<u>6.1</u>
Total Expenses	<u>330.9</u>	<u>315.2</u>	<u>97.5</u>	<u>95.1</u>	<u>428.4</u>	<u>410.3</u>
Increase in Net Assets Before						
Transfers	50.4	49.0	35.0	33.8	85.4	82.8
Transfers	<u>(13.0)</u>	<u>(7.5)</u>	<u>13.0</u>	<u>7.5</u>	<u>--</u>	<u>--</u>
Increase In Net Assets	37.4	41.5	48.0	41.3	85.4	82.8
Net Assets, January 1	<u>417.3</u>	<u>375.8</u>	<u>459.8</u>	<u>418.5</u>	<u>877.1</u>	<u>794.3</u>
Net Assets, December 31	<u>\$454.7</u>	<u>\$417.3</u>	<u>\$507.8</u>	<u>\$459.8</u>	<u>\$962.5</u>	<u>\$877.1</u>

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

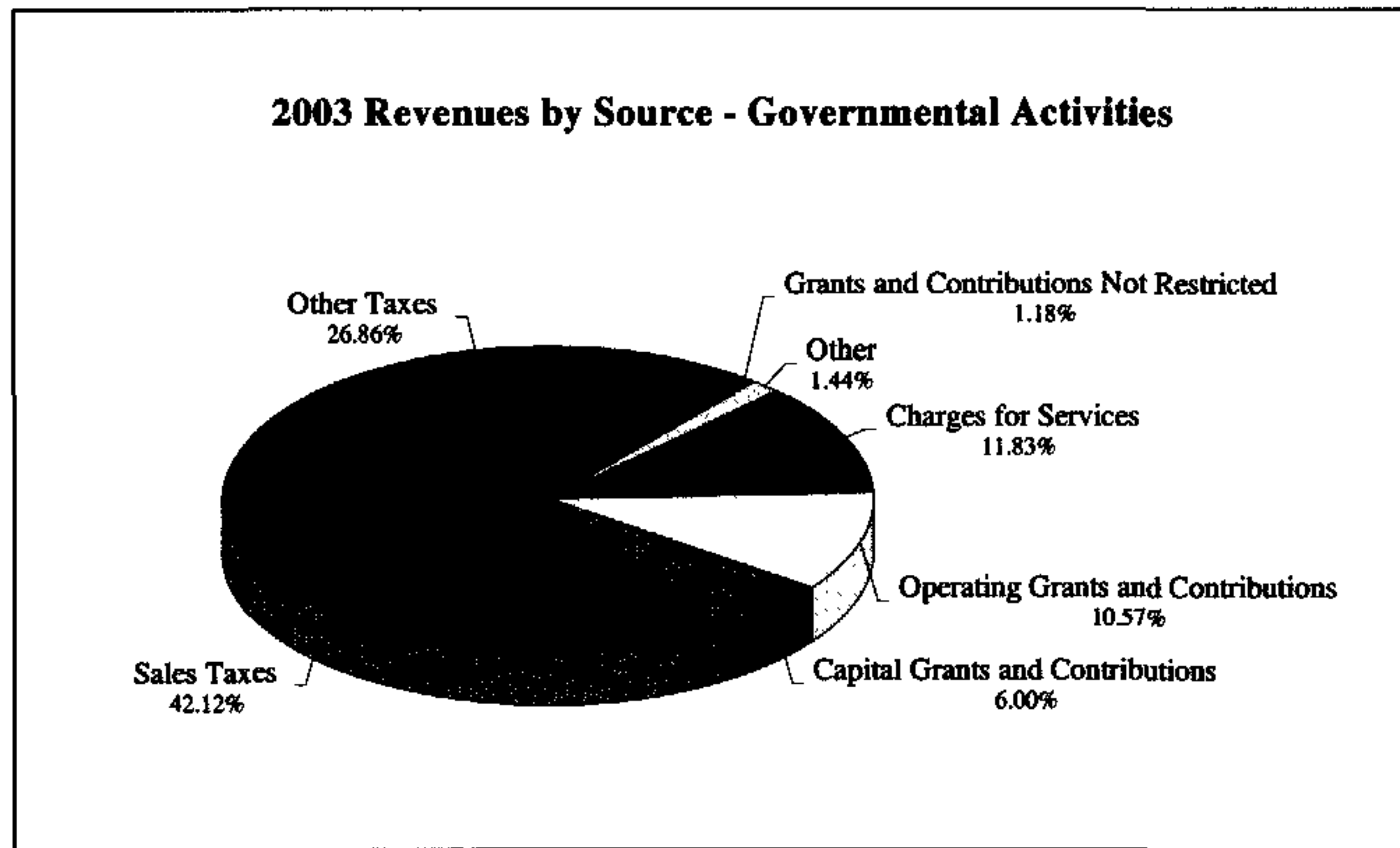
The government's net assets increased \$85.4 million during the current fiscal year.

Governmental Activities net assets increased \$37.4 million in 2003, primarily due to:

- (1) An increase of approximately \$23.0 million capitalized during the year from the following external sources: Capital grants from the State of Louisiana for transportation purposes (\$15.1 million), state capital grant for the new planetarium (\$1.1 million), donated infrastructure from developers (\$5.3 million), and miscellaneous capital grants for public safety and conservation and development from the federal and state governments (\$1.5 million).
- (2) An additional \$5.7 million in sales and use tax revenues due to growth in the economy.
- (3) An additional \$2.8 million in property taxes due to growth of the tax rolls.
- (4) An additional \$1.3 million in franchise tax revenues.
- (5) A net decrease of approximately \$4.1 million in long-term debt primarily due to the retirement of governmental activities bonded debt.
- (6) Other miscellaneous increases in net assets (\$0.5 million).

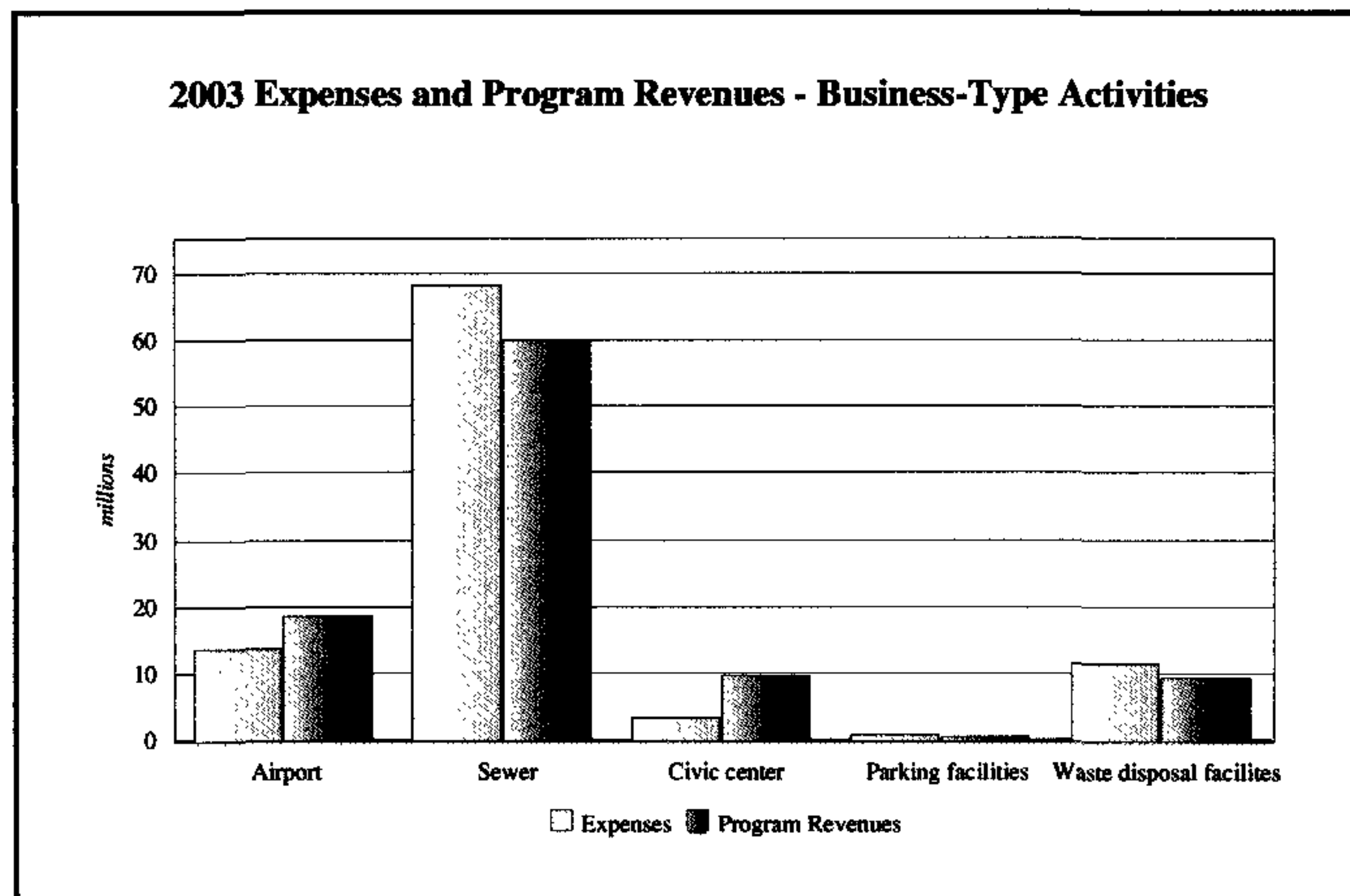


**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

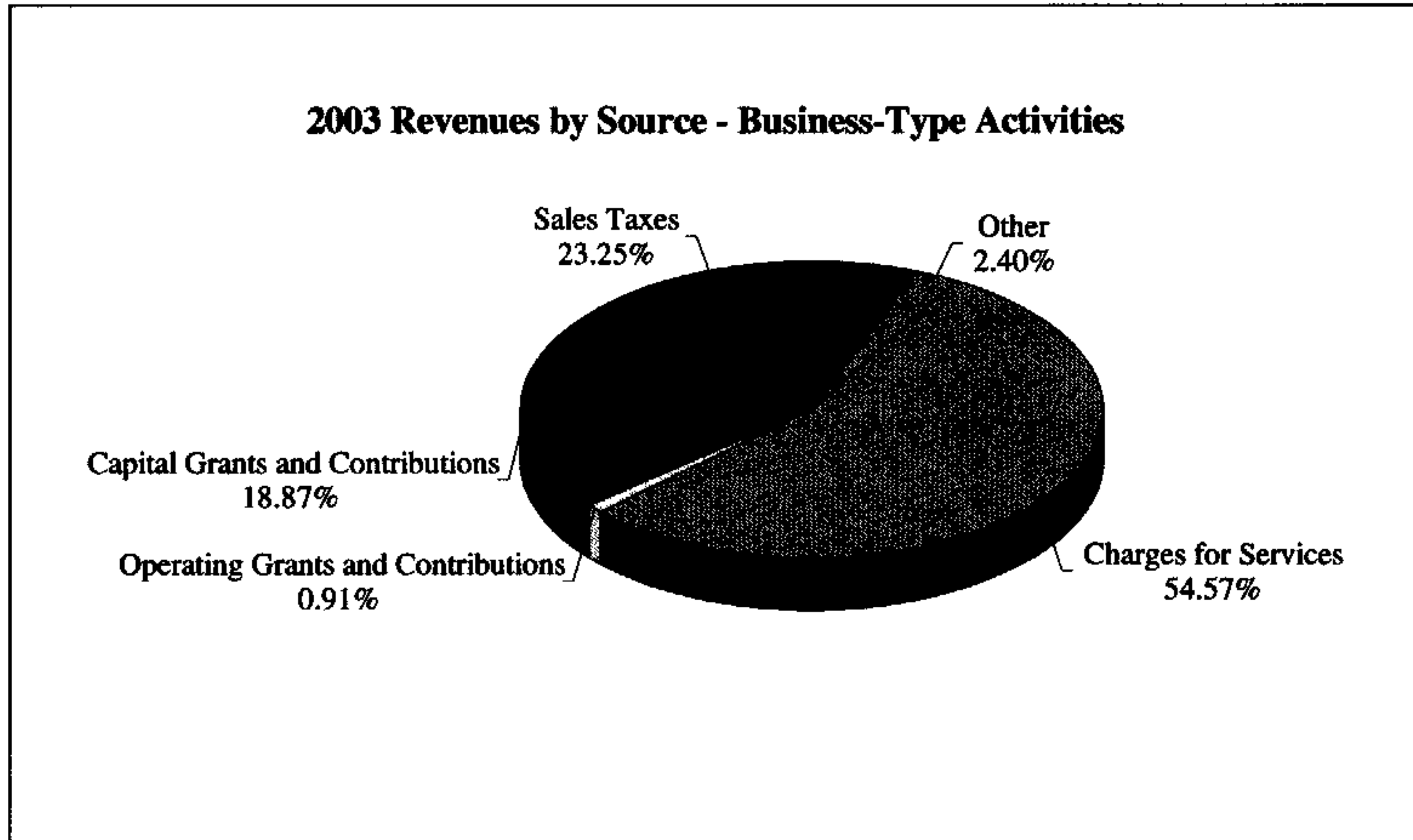


Business-Type Activities' net assets increased by \$48.0 million in 2003, primarily due to:

- (1) A 10% increase in the sewer user fee initiated by the Metropolitan Council on January 1, 2003, generating an additional \$3.7 million.
- (2) Sales tax (non-operating) revenues collected in excess of debt service and non-operating expenses that will be used for the sewerage capital improvements program in the amount of \$19.2 million.
- (3) Enterprise fund contributions from external parties of \$25.0 million from the following sources: airport grants from federal and state agencies (\$8.7 million), sewer fund grants from federal and state agencies (\$0.8 million), state capital outlay funds for the Riverside Centroplex (\$8.4 million), contributions of infrastructure from private developers to the sewerage system (\$2.9 million), and sewer impact fees (\$4.2 million).
- (4) Other miscellaneous increases in net assets of \$0.1 million.



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



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the primary government's governmental funds reported combined ending fund balances of \$280.4 million, a decrease of \$3.5 million in comparison with the prior year. The reduction in total fund balances is primarily attributable to the spending of Capital Project Fund fund balance on construction projects in 2003. Approximately 42% of total governmental funds fund balance (\$116.5 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to: (1) liquidation of contracts and purchase orders of the prior period (\$28.9 million), (2) payment of debt service (\$26.3 million), (3) loans to low-income recipients (\$4.2 million), (4) legal appropriations in the 2004 operating budget (\$14.7 million), (5) continuing projects carried forward to the next fiscal year (\$89.1 million), or (6) investment of inventories at December 31, 2003 (\$0.7 million).

The General Fund is the chief operating fund of the Consolidated Government of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$10.3 million, while total fund balance was \$71.6 million. Compared with total fund balance of \$68.9 million at the end of 2002, fund balance rose approximately \$2.7 million during 2003. The increase in fund balance was simply a result of additional operating revenues exceeding the rise in General Fund operating costs during the year.

As mentioned previously, fund balance in the Capital Projects Fund fell (\$6.0 million) in 2003 as compared to ending fund balance in 2002 due to the spending of prior year fund balance for capital outlay and construction. Approximately \$96.9 million of Capital Projects Fund fund balance remains at December 31, 2003, for planned projects.

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

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

Unrestricted net assets of the Greater Baton Rouge Airport District were a negative \$10.0 million at December 31, 2003. In addition, the General Fund had provided short-term borrowing of \$11.4 million to the District at year-end. Most of this major fund's assets are capital assets. Due to the slow down in the aviation industry the District incurred a \$3.8 million loss before government contributions and transfers during 2003. The District's administration is working on a plan to address the future funding and operations of the airport. In addition, the District will be negotiating a new airport/airline lease agreement in 2004.

Unrestricted net assets of the Comprehensive Sewerage System Fund was \$123.7 million at December 31, 2003. This fund encompasses all assets associated with sewerage operations, maintenance, and capital improvements held by the City, the Parish, the Consolidated Sewerage District, and the East Baton Rouge Parish Sewerage Commission. Restricted assets total over \$174.8 million, reflecting a heavy investment in capital assets. The fund realized a net income of \$17.6 million before government contributions and transfers for the year ended December 31, 2003.

General Fund Budgetary Highlights

The total difference between the original General Fund budget and the final amended budget was an increase in appropriations of \$9.8 million. Supplemental appropriations totaling \$9.8 million were approved during the year by the Metropolitan Council for various programs summarized as follows: (1) drainage, road and building projects (\$6.1 million), (2) settlement of general, auto, and professional liability claims and judgments (\$1.4 million), (3) public works projects including litter, grass cutting, miscellaneous building maintenance and lighting projects and network upgrades (\$1.7 million), and, (4) supplementary departmental operating expenditures (\$0.6 million).

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

- Sales and use taxes were collected in excess of budget by approximately \$4.7 million. The original General Fund budget used a one percent growth rate and actual sales tax revenues for the General Fund grew by 4.4 percent during 2003.
- Gaming admissions taxes were collected in excess of budget by approximately \$2.7 million. The administration's policy on these taxes is to appropriate gaming revenues only after they are collected and use them primarily for non-recurring expenditures.
- Gross receipts business taxes were collected in excess of budget by approximately \$1.8 million. These taxes are based on the consumption of utilities and are very cyclical in nature. Conservative estimates are used for this revenue in the General Fund budget.
- Moderate growth within both the city and the parish increased property tax collections over the budgeted amount by approximately \$1.0 million.
- The risk management budget was underspent by approximately \$5.9 million when actual claims for employee benefits were lower than projected in the operating budget. Excess premiums were credited to the health insurance designation to offset needed premium increases in future years. (See Note 9(f) in the Notes to Financial Statements.)

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

- Approximately \$9.2 million of appropriations for departmental budgets were not spent during 2003. The Plan of Government allows for the carry-forward of funds that are allocated to one-time projects to subsequent years. These appropriations carried forward, in the amount of \$8.0 million, are listed on the balance sheet as "reserved for continuing projects". The majority of these funds are appropriated to upgrade information services network systems and computers, purchase bulletproof and tactical vests, provide for replacement of departmental office equipment, and provide funds for public works projects such as drainage, street improvements and seasonal workers.

Capital Asset and Debt Administration

Capital Assets: The City of Baton Rouge, Parish of East Baton Rouge Consolidated Government's investment in capital assets for its governmental and business-type activities as of December 31, 2003, amounts to \$949.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, airport facilities, parking facilities, a landfill, wastewater treatment facilities, roads, highways, bridges, and drainage systems. The total increase in the City-Parish's investment in capital assets for the current fiscal year was \$60.5 million, an 11.5% increase for governmental activities and a 4.1% increase for business-type activities.

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

- Purchased right-of-way land and provided local match for the 1-10 frontage road from Bluebonnet Boulevard to Siegen Lane (\$14.5 million).
- Continue construction on Bluebonnet Extension (\$4.3 million).
- Capitalization of several additional infrastructure road projects:
 - Tiger Bend Road (\$1.8 million)
 - McClelland Drive (\$1.9 million)
 - Signal system replacement (\$3.5 million)
- Completion and capitalization of three new governmental buildings:
 - Coroner's Facility (\$1.4 million)
 - Highland Road Fire Station (\$1.0 million)
 - Zachary Branch Library (\$3.0 million)
- Capital improvements to the sewerage system, including upgrades to treatment plants and rehabilitation of major sewer lines (\$10.8 million).
- Renovations and improvements to the Airport terminal building and other Airport improvements (\$20.4 million).

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

City of Baton Rouge, Parish of East Baton Rouge
 Capital Assets
 (Net of Depreciation)
 December 31, 2003 & 2002
 (in millions)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Land	\$ 77.0	\$ 70.7	\$ 69.3	\$ 69.7	\$146.3	\$140.4
Buildings	86.9	83.8	69.5	65.5	156.4	149.3
Improvements Other Than Buildings and Infrastructure	143.7	133.3	410.7	409.6	554.4	542.9
Machinery and Equipment	18.0	19.9	2.5	2.9	20.5	22.8
Construction Work-In-Progress	<u>37.2</u>	<u>17.8</u>	<u>35.1</u>	<u>16.2</u>	<u>72.3</u>	<u>34.0</u>
Total	<u>\$362.8</u>	<u>\$325.5</u>	<u>\$587.1</u>	<u>\$563.9</u>	<u>\$949.9</u>	<u>\$889.4</u>

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

Long-Term Debt: At the end of the current fiscal year, the City-Parish had total bonded debt outstanding of \$445.0 million. Of this amount, \$80.3 million comprises debt backed by the full faith and credit of the government. The remainder of the debt represents bonds secured solely by specified revenue sources such as the general sales tax of the General Fund. There are no general obligation bonds outstanding for the City of Baton Rouge nor the Parish of East Baton Rouge at the end of the fiscal year.

City of Baton Rouge, Parish of East Baton Rouge
 Summary of Excess Revenue and Revenue Bonds
 December 31, 2003 & 2002
 (in millions)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Excess Revenue Contracts, Loans and Notes	\$ 73.5	\$ 77.8	\$ 6.8	\$ 4.9	\$ 80.3	\$ 82.7
Sales Tax Revenue Bonds	<u>71.5</u>	<u>75.7</u>	<u>293.2</u>	<u>302.6</u>	<u>364.7</u>	<u>378.3</u>
Total All Bonds, Contracts, Loans and Notes	<u>\$145.0</u>	<u>\$153.5</u>	<u>\$300.0</u>	<u>\$307.5</u>	<u>\$445.0</u>	<u>\$461.0</u>

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

On April 1, 2003, the Parish issued \$112,720,000 of Public Improvement (Sewer) Sales Tax Bonds to refund the: (1)\$30.2M 1993 Public Improvement (Sewer) Sales Tax Bonds, (net interest cost 5.49%; principal refunded - \$23,405,000); (2) the \$70M 1993(A) Public Improvement (Sewer) Sales Tax Revenue Bonds, (net interest cost 5.13%; principal refunded - \$53,160,000); and, (3) the callable portion of the \$36M 1995 Public Improvement (Sewer) Sales Tax Revenue Bonds, (net interest cost 5.97%; principal refunded - \$33,070,000), and (4) to provide funds for the on-going sewerage capital improvements program. A portion of the refunding proceeds of the new issue was used to purchase U. S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service on the 1995 issue. Both 1993 issues were called and paid on April 1, 2003.

In 2003, the City of Baton Rouge received \$1,983,997 of additional long-term loan proceeds from the Louisiana Community Development Authority to provide funds to the Greater Baton Rouge Airport District in connection with their terminal development program. Although total loan authorization is \$9,000,000, only \$6,920,902 has been loaned to the City as of December 31, 2003. Funds are drawn down as expenses are incurred on airport projects. The loan is expected to be repaid over a twenty-eight year term.

As of December 31, 2003, City-Parish bonds are rated by three of the major rating services as follows:

	<u>Underlying Ratings</u>			<u>Insured Ratings</u>		
	<u>Moody's Investors Service</u>	<u>Standard and Poor's</u>	<u>Fitch Investors</u>	<u>Moody's Investors Service</u>	<u>Standard and Poor's</u>	<u>Fitch Investors</u>
City of Baton Rouge (2%) Sales Tax Revenue Bonds	A1	AA-	AA-	Aaa	AAA	AAA
Parish of East Baton Rouge (2%) Sales Tax Revenue Bonds	A1	AA-	AA-	Aaa	AAA	AAA
Parish of East Baton Rouge Sewer Improvement (1/2%) Sales Tax Revenue Bonds	A3	A	A	Aaa	AAA	AAA

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

Economic Factors and Next Year's Budget and Rates

The City-Parish's General Fund receives approximately 50% of its revenues from the 2% general sales and use tax levied by the City of Baton Rouge or the Parish of East Baton Rouge; therefore, economic indicators are very important in forming the General Fund budget estimates. Sales tax revenue assumptions are reviewed by Dr. James A. Richardson, John Rhea Alumni Professor of Economics at Louisiana State University, and Dr. Loren C. Scott, Professor Emeritus in the Department of Economics at Louisiana State University. In their annual report of October 2003, they stated, "Based on the modest employment projections and the history of the sales tax collections, we believe it would be prudent to incorporate a sales tax projection of 1.5 to 2.5 percent in the 2004 budget for the City-Parish." The City-Parish government took the advice of these economists and prepared a 2004 operating budget with a two percent projected growth rate for sales tax revenues.

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

Requests For Information

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



CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
STATEMENT OF NET ASSETS
DECEMBER 31, 2003

EXHIBIT A - 1

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents (Note 3)	\$ 121,234,671	\$ 66,385,008	\$ 187,619,679	\$ 8,183,659
Investments (Note 3)	116,748,633	66,310,182	183,058,815	2,970,286
Receivables - net (Note 13)	30,054,397	8,980,701	39,035,098	1,843,846
Due from other governments (Note 11)	64,812,552	8,435,363	73,247,915	3,283,472
Due from component units (Note 11)	209,675	--	209,675	--
Due from primary government (Note 11)	--	--	--	4,331
Prepaid items	--	30,982	30,982	88,297
Loans receivable	4,187,675	--	4,187,675	--
Inventory	843,911	--	843,911	236,738
Net pension asset	--	--	--	938,851
Other assets	--	--	--	17,340
Deferred bond issuance costs	2,110,638	847,401	2,958,039	--
Restricted assets:				
Cash and cash equivalents (Note 3)	--	37,114,682	37,114,682	742,818
Investments (Note 3)	--	72,467,524	72,467,524	--
Receivables - net (Note 13)	--	485,586	485,586	--
Due from other governments (Note 11)	--	623,510	623,510	622,191
Capital assets (Note 6):				
Non-depreciable	114,287,537	104,426,590	218,714,127	723,459
Depreciable, net	248,561,388	482,639,653	731,201,041	15,567,561
Total assets	<u>703,051,077</u>	<u>848,747,182</u>	<u>1,551,798,259</u>	<u>35,222,849</u>
LIABILITIES				
Accounts payable and other current liabilities	27,907,234	10,081,870	37,989,104	1,610,010
Internal balances (Note 11)	(11,422,552)	11,422,552	--	--
Due to other governments	2,709,669	153,403	2,863,072	86
Due to primary government (Note 11)	--	--	--	209,675
Due to component units (Note 11)	4,331	--	4,331	--
Accrued payables	11,036,092	5,940,626	16,976,718	1,213,238
Deferred revenue	2,246,639	727,582	2,974,221	--
Deposits and escrow accounts	14,835,691	--	14,835,691	--
Other liabilities	--	--	--	759,125
Liabilities payable from restricted assets	--	--	--	341,105
Non-current liabilities (Note 10):				
Due within one year	20,385,461	15,925,408	36,310,869	--
Due in more than one year	180,587,496	296,729,070	477,316,566	6,250,885
Total liabilities	<u>248,290,061</u>	<u>340,980,511</u>	<u>589,270,572</u>	<u>10,384,124</u>
NET ASSETS				
Invested in capital assets, net of related debt	297,555,654	335,009,895	632,565,549	13,219,233
Restricted for (Note 14):				
Capital projects	52,241,378	19,370,053	71,611,431	--
Debt service	23,845,090	31,321,564	55,166,654	--
Passenger facility charges	--	366,260	366,260	--
Other purposes	72,512,803	--	72,512,803	1,076,379
Unrestricted	8,606,091	121,698,899	130,304,990	9,067,314
Total net assets	<u>\$ 454,761,016</u>	<u>\$ 507,766,671</u>	<u>\$ 962,527,687</u>	<u>\$ 23,362,926</u>

The accompanying notes are an integral part of this statement.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

Function/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 50,855,810	\$ 14,237,960	\$ 54,749	\$ --
Public safety	128,133,906	13,413,954	7,807,157	(54,554)
Transportation	46,891,534	447,423	1,556,593	20,709,790
Sanitation	23,641,296	12,995,559	--	--
Health and welfare	7,087,907	521,795	1,502,573	10,300
Culture and recreation	18,548,317	457,106	905,702	1,110,118
Conservation and development	36,622,701	2,982,788	28,452,942	1,160,485
Intergovernmental	13,139,454	--	--	--
Interest and fiscal charges on long-term debt	6,013,100	--	--	--
Total governmental activities	330,934,025	45,056,585	40,279,716	22,936,139
Business-type activities:				
Airport	13,577,971	8,848,145	986,197	8,743,167
Sewer	68,144,535	51,820,994	147,367	7,900,536
Civic center	3,486,131	1,421,318	--	8,394,823
Parking facilities	803,624	688,004	--	--
Waste disposal facilities	11,455,877	9,500,097	--	--
Total business-type activities	97,468,138	72,278,558	1,133,564	25,038,526
Total primary government	\$ 428,402,163	\$ 117,335,143	\$ 41,413,280	\$ 47,974,665
Component units:				
Judicial court services	\$ 32,158,077	\$ 18,700,469	\$ 13,461,856	\$ 991
Coroner	856,440	101,731	701,930	--
Fire protection districts	11,631,734	1,894,199	588,892	56,790
Mass transit	13,308,267	4,028,233	959,895	1,517,418
Total component units	\$ 57,954,518	\$ 24,724,632	\$ 15,712,573	\$ 1,575,199

General revenues:

Taxes:
 Property
 Gross receipts business
 Sales
 Occupancy
 Occupational
 Insurance premium
 Gaming admissions
 Interest and penalties - delinquent taxes
 Grants and contributions not restricted to specific programs
 Investment earnings
 Gain (loss) on sale of capital assets
 Transfers (to) from other funds
 Total general revenues and transfers

 Change in net assets

 Net Assets - beginning of year

 Net Assets - end of year

The accompanying notes are an integral part of this statement.

Net (Expenses) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (36,563,101)	\$ --	\$ (36,563,101)	\$ --
(106,967,349)	--	(106,967,349)	--
(24,177,728)	--	(24,177,728)	--
(10,645,737)	--	(10,645,737)	--
(5,053,239)	--	(5,053,239)	--
(16,075,391)	--	(16,075,391)	--
(4,026,486)	--	(4,026,486)	--
(13,139,454)	--	(13,139,454)	--
(6,013,100)	--	(6,013,100)	--
<u>(222,661,585)</u>	<u>--</u>	<u>(222,661,585)</u>	<u>--</u>
--	4,999,538	4,999,538	--
--	(8,275,638)	(8,275,638)	--
--	6,330,010	6,330,010	--
--	(115,620)	(115,620)	--
--	(1,955,780)	(1,955,780)	--
--	982,510	982,510	--
<u>(222,661,585)</u>	<u>982,510</u>	<u>(221,679,075)</u>	<u>--</u>
--	--	--	5,239
--	--	--	(52,779)
--	--	--	(9,091,853)
--	--	--	(6,802,721)
<u>--</u>	<u>--</u>	<u>--</u>	<u>(15,942,114)</u>
60,670,984	--	60,670,984	8,729,572
21,847,779	--	21,847,779	--
160,620,133	30,759,931	191,380,064	--
729,704	--	729,704	862,228
7,983,387	--	7,983,387	--
3,054,020	--	3,054,020	--
6,819,775	--	6,819,775	--
1,342,948	--	1,342,948	--
4,545,138	--	4,545,138	7,781,560
3,793,020	3,030,092	6,823,112	522,832
1,737,537	130,040	1,867,577	5,050
(13,041,535)	13,041,535	--	--
<u>260,102,890</u>	<u>46,961,598</u>	<u>307,064,488</u>	<u>17,901,242</u>
37,441,305	47,944,108	85,385,413	1,959,128
<u>417,319,711</u>	<u>459,822,563</u>	<u>877,142,274</u>	<u>21,403,798</u>
<u>\$ 454,761,016</u>	<u>\$ 507,766,671</u>	<u>\$ 962,527,687</u>	<u>\$ 23,362,926</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2003

EXHIBIT A - 3

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents (Note 3)	\$ 22,368,458	\$ 45,585,783	\$ 45,245,279	\$ 113,199,520
Investments (Note 3)	25,224,007	44,457,756	47,066,870	116,748,633
Property taxes receivable - net (Note 4)	1,992,880	--	4,598,140	6,591,020
Gross receipts business taxes receivable	4,566,145	--	--	4,566,145
Sales taxes receivable	12,905,741	1,747,755	1,296,575	15,950,071
Interest and penalties receivable on taxes	63,571	--	--	63,571
Accounts receivable - net	799,567	--	1,466,096	2,265,663
Accrued interest receivable	78,084	109,136	366,855	554,075
Special assessments receivable	40,497	13,918	--	54,415
Due from other funds (Note 11)	16,891,319	17,497,219	--	34,388,538
Due from other governments (Note 11)	16,960,177	2,898,618	40,790,232	60,649,027
Due from component units	209,675	--	--	209,675
Loans receivable	--	--	4,187,675	4,187,675
Inventory	652,655	--	--	652,655
Total assets	\$ 102,752,776	\$ 112,310,185	\$ 145,017,722	\$ 360,080,683
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 8,091,434	\$ 15,432,405	\$ 4,019,561	\$ 27,543,400
Due to other funds (Note 11)	--	--	22,965,986	22,965,986
Due to other governments	2,580,178	--	129,491	2,709,669
Due to component units	4,331	--	--	4,331
Accrued payables	5,073,392	--	1,700,395	6,773,787
Deferred revenue	833,179	13,918	3,961,935	4,809,032
Deposits and escrow accounts	14,576,391	--	259,300	14,835,691
Total liabilities	31,158,905	15,446,323	33,036,668	79,641,896
Fund balances:				
Reserved for:				
Encumbrances	953,436	25,219,567	2,736,643	28,909,646
Loans receivable	--	--	4,187,675	4,187,675
Inventory	652,655	--	--	652,655
Debt service - principal	--	--	18,465,084	18,465,084
Debt service - interest	--	--	7,850,350	7,850,350
Subsequent year expenditures (Note 1)	3,250,000	--	11,511,640	14,761,640
Continuing projects (Note 1)	7,977,440	71,644,295	9,495,855	89,117,590
Unreserved, designated, reported in:				
General Fund:				
Insurance	25,116,116	--	--	25,116,116
Solid waste collection and disposal	6,282,126	--	--	6,282,126
Special purposes	3,220,302	--	--	3,220,302
Gaming revenues	2,696,595	--	--	2,696,595
Budget stabilization	11,180,000	--	--	11,180,000
Special Revenue Funds:				
Solid waste collection and disposal	--	--	11,558,976	11,558,976
Unreserved, Undesignated, reported in:				
General Fund				
General Fund	10,265,201	--	--	10,265,201
Special Revenue Funds				
Special Revenue Funds	--	--	46,174,831	46,174,831
Total fund balances	71,593,871	96,863,862	111,981,054	280,438,787
Total liabilities and fund balances	\$ 102,752,776	\$ 112,310,185	\$ 145,017,722	\$ 360,080,683

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2003**

EXHIBIT A - 4

Fund balances - total governmental funds \$ 280,438,787

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

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the governmental funds

Governmental capital assets	653,046,941	
Less accumulated depreciation	<u>(295,988,006)</u>	357,058,935

Assets used in governmental activities that are not financial
resources and, therefore, are not reported in the
governmental funds

Deferred bond issuance costs		2,110,638
------------------------------	--	-----------

Some revenues were collected more than sixty days after
year-end and, therefore, are not available soon enough
to pay for current-period expenditures.

Property tax revenue	2,562,393	
Louisiana revenue sharing	1,150,076	
Enhanced 911 revenues	70,904	
La. Department of Transportation and Development	2,933,364	
La. Office of Facility Planning and Control	<u>7,032</u>	6,723,769

Long-term liabilities, including bonds payable, are not due and payable
in the current period and, therefore, are not reported in the
governmental funds.

Accrued interest payable	(4,192,287)	
Bonds payable	(144,957,355)	
Deferred amount on refunding	(917,177)	
Compensated absences payable	(13,063,581)	
Obligation under capital leases	(107,616)	
Claims and judgments payable	(27,065,923)	
Employee benefits payable	(3,152,288)	
Net pension obligation	<u>(11,269,974)</u>	(204,726,201)

Internal service funds are used by management to charge the
costs of fleet management and maintenance to individual
funds. The assets and liabilities of the internal service funds
are included in governmental activities in the statement
of net assets.

13,155,088

Net assets of governmental activities

\$ 454,761,016

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

EXHIBIT A - 5

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes:				
Property	\$ 18,225,444	\$ --	\$ 42,721,028	\$ 60,946,472
Gross receipts business taxes	21,847,779	--	--	21,847,779
Sales	114,377,157	17,665,971	28,577,005	160,620,133
Occupancy	729,704	--	--	729,704
Occupational	7,983,387	--	--	7,983,387
Insurance premiums	3,054,020	--	--	3,054,020
Gaming admissions	6,819,775	--	--	6,819,775
Interest and penalties - delinquent	1,342,948	--	--	1,342,948
Licenses and permits	3,193,759	--	346,311	3,540,070
Intergovernmental revenues	10,167,291	12,568,538	38,747,736	61,483,565
Charges for services	19,616,217	639,739	14,362,179	34,618,135
Fines and forfeits	1,431,893	--	832,047	2,263,940
Investment earnings	785,253	1,036,859	1,876,133	3,698,245
Miscellaneous revenues	10,606,541	249,331	3,403,758	14,259,630
Total revenues	<u>220,181,168</u>	<u>32,160,438</u>	<u>130,866,197</u>	<u>383,207,803</u>
EXPENDITURES				
Current:				
General government	48,795,023	--	713,232	49,508,255
Public safety	95,724,860	--	21,701,246	117,426,106
Transportation	20,185,063	--	14,946,021	35,131,084
Sanitation	13,819,386	--	10,091,173	23,910,559
Health and welfare	1,495,643	--	5,269,496	6,765,139
Culture and recreation	1,051,410	--	15,677,387	16,728,797
Conservation and development	1,931,859	--	33,822,419	35,754,278
Debt service:				
Principal retirement	--	--	14,129,770	14,129,770
Interest and fiscal charges	--	--	9,104,991	9,104,991
Bond issuance costs	--	--	354,959	354,959
Capital outlay	132,071	48,195,001	4,834,800	53,161,872
Intergovernmental	12,190,999	--	947,230	13,138,229
Total expenditures	<u>195,326,314</u>	<u>48,195,001</u>	<u>131,592,724</u>	<u>375,114,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,854,854</u>	<u>(16,034,563)</u>	<u>(726,527)</u>	<u>8,093,764</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 12)	3,537,337	20,535,918	7,970,395	32,043,650
Transfers out (Note 12)	(27,139,634)	(10,552,143)	(7,393,408)	(45,085,185)
Proceeds of capital asset disposition	1,307,280	--	41,670	1,348,950
Capital leases	132,071	--	--	132,071
Total other financing sources and uses	<u>(22,162,946)</u>	<u>9,983,775</u>	<u>618,657</u>	<u>(11,560,514)</u>
Net change in fund balances	<u>2,691,908</u>	<u>(6,050,788)</u>	<u>(107,870)</u>	<u>(3,466,750)</u>
Fund balances, January 1	<u>68,901,963</u>	<u>102,914,650</u>	<u>112,088,924</u>	<u>283,905,537</u>
Fund balances, December 31	<u>\$ 71,593,871</u>	<u>\$ 96,863,862</u>	<u>\$ 111,981,054</u>	<u>\$ 280,438,787</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT A - 6

Net change in fund balances - total governmental funds		\$ (3,466,750)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	53,161,872	
Depreciation expense	<u>(21,418,776)</u>	31,743,096
<p>The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins, and donations, is to increase net assets.</p>		
		5,036,786
<p>Because some revenues will not be collected for several months after year-end, they are not considered "available" revenues in the governmental funds.</p>		
Property tax revenue	(275,488)	
Louisiana revenue sharing	41,300	
Beer tax revenue	(37,180)	
Enhanced 911 revenues	36,005	
Emergency Medical Services transport charges	(160,999)	
La. Department of Transportation and Development	<u>1,017,056</u>	620,694
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Deferred bond issuance costs	354,959	
Amortization of bond issuance costs	(126,166)	
Amortization of gain on refunding	35,276	
Principal payments	14,129,770	
Adjustment for debt recorded in business type activities	<u>(5,556,216)</u>	8,837,623
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accrued interest payable	(760,229)	
Compensated absences payable	(2,612,585)	
Net pension obligation	(2,994,909)	
Claims and judgments payable	(627,911)	
Employee benefits payable	1,808,070	
Arbitrage payable	<u>7,399</u>	(5,180,165)
<p>Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability.</p>		
		(132,071)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.</p>		
		<u>(17,908)</u>
Change in net assets of governmental activities		<u>\$ 37,441,305</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT A - 7

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General property taxes	\$ 17,236,180	\$ 17,268,250	\$ 18,225,444	\$ 957,194
Gross receipts business taxes	19,694,750	20,088,733	21,847,779	1,759,046
General sales and use taxes	109,605,610	109,643,610	114,377,157	4,733,547
Occupancy taxes	750,000	750,000	729,704	(20,296)
Occupational taxes	7,250,000	7,299,200	7,983,387	684,187
Insurance premiums taxes	3,060,000	3,060,000	3,054,020	(5,980)
Gaming admissions taxes	2,000,000	4,123,180	6,819,775	2,696,595
Interest and penalties - delinquent taxes	1,041,100	1,041,100	1,342,948	301,848
Total taxes	160,637,640	163,274,073	174,380,214	11,106,141
Licenses and permits:				
Use of streets:				
Public conveyances	10,300	10,300	8,844	(1,456)
Bicycle registration fees	48,000	48,000	60,270	12,270
Occupational and professional:				
Air conditioning and heating	30,000	30,000	31,180	1,180
Electrical contractors	26,000	26,000	26,375	375
Plumbers	20,000	20,000	22,300	2,300
House moving	1,000	1,000	700	(300)
Garbage collectors	24,800	24,800	24,400	(400)
Arborists	300	300	--	(300)
Classified employees	90,000	90,000	102,850	12,850
Waiter / waitress	150	150	350	200
Retail clerks	66,500	66,500	72,860	6,360
Entertainers	5,000	5,000	6,700	1,700
Liquor and beer	447,000	447,000	471,022	24,022
Restaurant	17,350	17,350	17,595	245
Gaming	2,800	2,800	4,100	1,300
Chauffeurs	1,800	1,800	1,600	(200)
Second hand dealers	700	700	880	180
Construction permits:				
Air conditioning and heating	230,000	230,000	274,312	44,312
Electrical	325,000	325,000	451,042	126,042
Building	900,000	900,000	1,111,623	211,623
Plumbing and gas	285,000	285,000	367,203	82,203
House moving	6,000	6,000	7,100	1,100
Fence	1,000	1,000	1,000	--
Special events	4,100	4,100	10,200	6,100
Alarm user	120,000	120,000	116,425	(3,575)
Sign permits	2,300	2,300	1,950	(350)
Miscellaneous fire permits	500	500	878	378
Total licenses and permits	2,665,600	2,665,600	3,193,759	528,159
Intergovernmental revenues:				
State grants:				
Public safety:				
Traffic signal maintenance	468,300	468,300	489,300	21,000
Department of Military Affairs	65,600	65,600	111,829	46,229
Juvenile meal reimbursement	60,000	60,000	47,891	(12,109)
Department of Public Safety and Corrections	--	--	323,620	323,620

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT A - 7
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES (continued)				
Intergovernmental revenues (continued):				
State grants (continued):				
Transportation:				
Street maintenance	\$ 302,540	\$ 302,540	\$ 299,382	\$ (3,158)
Culture and recreation:				
Hotel/motel sales tax	785,370	785,370	805,139	19,769
Conservation and development:				
Department of Social Services	25,000	25,000	--	(25,000)
State shared revenues:				
Beer taxes	400,000	400,000	561,512	161,512
Insurance company taxes	503,330	503,330	524,860	21,530
Louisiana revenue sharing	1,010,240	1,010,240	1,043,489	33,249
Mineral royalties	144,000	144,000	248,651	104,651
Severance taxes	700,000	700,000	791,740	91,740
On-behalf payments for salaries and benefits	5,169,230	4,925,000	4,918,991	(6,009)
Payments in lieu of taxes:				
Federal government	--	--	887	887
Total intergovernmental revenues	<u>9,633,610</u>	<u>9,389,380</u>	<u>10,167,291</u>	<u>777,911</u>
Charges for services:				
General government:				
City court civil fees	1,039,600	1,039,600	1,232,874	193,274
Judiciary court costs	618,000	618,000	566,784	(51,216)
City court school fees	140,000	140,000	150,442	10,442
City court bench warrant fees	526,000	526,000	554,846	28,846
City court miscellaneous fees	287,000	287,000	263,846	(23,154)
City court credit card payment fees	16,000	16,000	19,034	3,034
City court expungement	100,000	100,000	24,600	(75,400)
City constable civil fees	550,000	550,000	541,187	(8,813)
Criminal Juror Fees	--	--	15,026	15,026
Fiscal management fees	5,150,000	5,150,000	5,527,211	377,211
Fiscal management fees - inventory	32,000	32,000	20,104	(11,896)
Fiscal management fees - auction facility	80,500	83,831	83,831	--
Sales tax collection charges	1,500,000	1,500,000	1,591,991	91,991
Occupancy tax collection charges	6,000	6,000	6,000	--
NSF check fees	3,000	3,000	4,436	1,436
Advertising	--	--	10,164	10,164
Board of adjustment fees	6,900	6,900	7,810	910
Sale of construction codes and plans	15,000	15,000	16,709	1,709
Pre-trial diversion fees	275,000	275,000	258,472	(16,528)
Notice of intent	62,000	62,000	96,444	34,444
Adjudicated property	18,000	18,000	14,024	(3,976)
Zoning fees	80,000	80,000	95,365	15,365
Planning assistance	73,000	73,000	72,854	(146)
Planning advertising fees	20,000	20,500	23,300	2,800
Miscellaneous	8,950	8,950	13,665	4,715
Public safety:				
Subdivision inspection, testing and plan review	19,000	19,000	38,620	19,620
Flood determination fees	18,400	18,400	22,955	4,555
Commercial and residential plan review	215,000	215,000	225,305	10,305
Sale of reports and photos	260,000	260,000	249,241	(10,759)
Sobriety test	20,000	20,000	22,692	2,692
False alarm fees	80,000	80,000	78,827	(1,173)
Reimbursements for overtime	--	--	203,973	203,973

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT A - 7
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES (continued)				
Charges for services (continued):				
Public safety (continued):				
Radio shop charges	\$ 3,000	\$ 3,000	\$ 8,075	\$ 5,075
Prison medical charges	47,000	47,000	53,178	6,178
Juvenile services fees	2,000	2,000	2,670	670
Miscellaneous	400	517	4,731	4,214
Transportation:				
Parking meters	200,000	200,000	198,092	(1,908)
Sanitation:				
Solid waste user fees	7,120,500	7,120,500	7,158,569	38,069
Weed cutting charges	30,000	30,000	24,415	(5,585)
Culture and recreation:				
Summer program - North Baton Rouge				
Community Center	--	15,383	15,383	--
Riverfront docking fees	6,140	6,140	6,150	10
Conservation and development:				
Rent/utilities:				
Leo S. Butler Community Center	15,000	17,000	22,799	5,799
North Baton Rouge Community Center	--	26,169	31,716	5,547
Dr. Martin Luther King, Jr. Community Center	4,680	4,680	18,039	13,359
Chaneyville Community Center	500	500	1,230	730
Rent/donations:				
Delmont Community Center	8,060	8,060	18,538	10,478
Total charges for services	<u>18,656,630</u>	<u>18,704,130</u>	<u>19,616,217</u>	<u>912,087</u>
Fines and forfeits:				
City court criminal fines and forfeitures	250,000	250,000	232,555	(17,445)
City court forfeitures	40,000	40,000	137,046	97,046
City court traffic fines	1,200,000	1,200,000	1,043,251	(156,749)
Alcoholic Beverage Control Board fines	27,000	27,000	19,041	(7,959)
Total fines and forfeits	<u>1,517,000</u>	<u>1,517,000</u>	<u>1,431,893</u>	<u>(85,107)</u>
Investment earnings	<u>600,000</u>	<u>600,000</u>	<u>785,253</u>	<u>185,253</u>
Miscellaneous revenues:				
Rentals:				
Land	19,000	19,000	21,225	2,225
Buildings	140,380	140,380	136,672	(3,708)
Oil, gas and mineral royalties	50,000	50,000	100,113	50,113
Airport note	2,601,380	2,601,380	2,608,810	7,430
East Baton Rouge sewerage commission	6,891,390	6,891,390	6,891,386	(4)
Condemnations	55,000	55,000	97,947	42,947
Juvenile detention meals	3,000	3,000	2,623	(377)
Confiscated funds - police	200,000	200,000	142,682	(57,318)
Abandoned or impounded bicycles	6,000	6,000	9,521	3,521
Police - miscellaneous revenues	93,730	93,730	370,319	276,589
Juvenile detention reimbursement	150,000	150,000	114,081	(35,919)
Donations	--	67,273	71,732	4,459
Other	8,100	10,850	39,430	28,580
Total miscellaneous revenues	<u>10,217,980</u>	<u>10,288,003</u>	<u>10,606,541</u>	<u>318,538</u>
Total revenues	<u>203,928,460</u>	<u>206,438,186</u>	<u>220,181,168</u>	<u>13,742,982</u>

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT A - 7
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
General government:				
Metropolitan council	\$ 708,589	\$ 746,839	\$ 653,400	\$ 93,439
Council administrator	1,621,680	1,557,190	1,405,805	151,385
Council budget office	164,322	164,322	158,689	5,633
Parish attorney	5,562,400	5,804,611	5,777,326	27,285
Public information office	230,133	285,249	284,182	1,067
Planning commission	1,098,365	1,108,242	1,047,680	60,562
City court - administration	6,156,093	6,156,147	6,092,041	64,106
City constable	1,743,680	1,739,293	1,725,451	13,842
Justice of peace and ward constables	60,360	60,360	58,005	2,355
Sheriff - costs of court	174,550	179,850	159,622	20,228
Registrar of voters	530,070	511,300	493,273	18,027
Mayor - president	991,555	1,001,561	883,070	118,491
Finance	6,806,769	6,741,533	6,189,961	551,572
Collection of funds	1,774,830	1,889,120	1,861,548	27,572
Information services	2,269,560	2,186,041	2,186,039	2
Computerized systems	1,179,538	855,910	272,089	583,821
Purchasing	833,970	823,721	778,060	45,661
Human resources	2,354,035	2,823,074	2,788,395	34,679
Risk management	6,391,730	8,254,152	2,379,866	5,874,286
Quality and employee development	513,597	85,112	85,112	--
Municipal fire and police civil service board	48,390	48,390	47,008	1,382
Public works - administration, engineering, warehouse, citizen service center, and building maintenance	13,141,204	13,663,457	13,659,262	4,195
Capital area legal services	39,290	39,290	39,290	--
Municipal associations	95,490	95,490	86,843	8,647
Total general government	54,490,200	56,820,254	49,112,017	7,708,237
Public safety:				
Sheriff - correctional institution	4,264,240	4,215,537	3,647,069	568,468
Mayor-President's anti-drug task force	274,720	274,720	216,060	58,660
Police	50,369,263	48,426,015	47,381,260	1,044,755
Fire	31,435,063	31,603,096	31,263,288	339,808
Emergency medical services	3,154,237	3,216,540	3,031,792	184,748
Juvenile services	3,372,459	3,361,132	3,291,934	69,198
Emergency preparedness	288,300	288,300	286,767	1,533
Public works - inspection and traffic engineering	6,879,312	6,855,712	6,855,712	--
Demolition program	404,597	404,597	370,513	34,084
Interagency criminal information tracking system	20,000	20,000	--	20,000
Crimestoppers	13,390	13,390	13,390	--
Total public safety	100,475,581	98,679,039	96,357,785	2,321,254
Transportation:				
Public works - highway division	17,271,630	16,745,552	16,425,035	320,517
Street lighting	4,035,000	3,770,669	3,677,139	93,530
Federal urban system	20,526	--	--	--
Street maintenance	95,580	95,580	95,580	--
Total transportation	21,422,736	20,611,801	20,197,754	414,047

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT A - 7
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Current (continued):				
Sanitation:				
Public works - waste management	\$ 13,675,000	\$ 13,844,216	\$ 13,819,948	\$ 24,268
Health and welfare:				
Health unit	584,348	584,348	505,429	78,919
Council on Aging projects	661,050	661,050	661,050	--
Crisis Care Center	185,050	185,050	185,104	(54)
Baton Rouge Area Alcohol and Drug Center	161,710	161,710	161,710	--
O'Brien House	17,020	17,020	17,020	--
Total health and welfare	<u>1,609,178</u>	<u>1,609,178</u>	<u>1,530,313</u>	<u>78,865</u>
Culture and recreation:				
Community Centers Summer Programs	3,107	18,490	14,230	4,260
Louisiana Arts and Science Museum	591,240	591,240	591,240	--
Arts Council of Greater Baton Rouge	131,550	141,550	141,550	--
Baton Rouge Symphony Association	91,060	91,060	91,060	--
U.S.S. Kidd	128,400	128,400	128,410	(10)
Baton Rouge Center for World Affairs	84,920	84,920	84,920	--
Total culture and recreation	<u>1,030,277</u>	<u>1,055,660</u>	<u>1,051,410</u>	<u>4,250</u>
Conservation and development:				
Economic Development Program	153,302	303,302	80,370	222,932
Urban Restoration Projects	249,388	499,388	23,942	475,446
Community centers	931,622	1,003,004	898,890	104,114
Human Development and Services	569,504	617,763	617,130	633
Earth Day	22,990	22,990	22,990	--
Cooperative Extension Service	55,884	55,884	53,888	1,996
Veterans Service Office	44,780	44,780	44,774	6
Big Buddy Program	58,210	58,210	58,210	--
Greater Baton Rouge Food Bank	22,320	22,320	22,320	--
Can Do	126,303	126,303	113,973	12,330
Total conservation and development	<u>2,234,303</u>	<u>2,753,944</u>	<u>1,936,487</u>	<u>817,457</u>
Capital outlay	<u>3,426,553</u>	<u>3,642,014</u>	<u>--</u>	<u>3,642,014</u>
Intergovernmental expenditures:				
Equivalent three mills on industrial area assessment	91,000	95,340	100,077	(4,737)
District Attorney of the Nineteenth Judicial District	3,255,250	3,255,250	3,255,250	--
Nineteenth Judicial District Court	4,175,211	4,222,521	4,192,671	29,850
E.B.R. Parish Family Court	593,330	602,542	602,541	1
E.B.R. Parish Juvenile Court	751,443	751,443	744,563	6,880
Nineteenth Judicial District Indigent Defender Board	186,160	192,583	192,582	1
E.B.R. Parish Clerk of Court	1,024,500	1,024,500	943,425	81,075
E.B.R. Parish Coroner	671,930	701,930	701,930	--
Brownsfield Fire Protection District	17,050	17,050	17,050	--
Central Fire Protection District	36,820	36,820	36,820	--
E.B.R. Parish Fire Protection District No. 6	68,990	68,990	68,990	--
Eastside Fire Protection District	32,740	32,740	32,740	--
Pride Fire Protection District	11,120	11,120	11,120	--

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT A - 7
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Intergovernmental expenditures (continued):				
Chaneyville Fire Protection District	\$ 49,230	\$ 49,230	\$ 49,230	\$ --
Alsen-St. Irma Lee Fire Protection District	25,750	30,750	30,750	--
Capital Region Planning Commission	49,250	53,805	53,804	1
Capital Transportation Corporation	1,042,980	1,157,455	1,157,455	--
Total intergovernmental expenditures	<u>12,082,754</u>	<u>12,304,069</u>	<u>12,190,998</u>	<u>113,071</u>
 Total expenditures	 <u>210,446,582</u>	 <u>211,320,175</u>	 <u>196,196,712</u>	 <u>15,123,463</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(6,518,122)</u>	 <u>(4,881,989)</u>	 <u>23,984,456</u>	 <u>28,866,445</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
City Constable Court Costs Fund	--	6,083	6,083	--
Mosquito Abatement and Rodent Control Fund	--	33,725	33,725	--
Library Board of Control Fund	--	227,215	227,215	--
Downtown Development District	--	5,547	5,547	--
Gaming Enforcement Division Fund	--	1,698	1,698	--
Animal Control Center Fund	--	20,877	20,877	--
East Baton Rouge Parish Communications District	--	36,467	36,467	--
Emergency Medical Services Fund	--	179,158	179,158	--
Consolidated Garbage Service District No. 1	1,079,530	1,079,530	1,079,530	--
Grants Fund	--	372,821	372,821	--
State and Local Government Securities				
Debt Service Fund	1,001,410	1,001,410	1,001,484	74
Greater Baton Rouge Airport District	--	95,933	95,933	--
Comprehensive Sewerage System Fund	--	449,220	449,220	--
Greater Baton Rouge Parking Authority	--	11,788	11,788	--
Solid Waste Disposal Facility Fund	--	15,791	15,791	--
Total transfers in	<u>2,080,940</u>	<u>3,537,263</u>	<u>3,537,337</u>	<u>74</u>
Transfers out:				
City Constable Court Costs Fund	--	(84,000)	(84,000)	--
Animal Control Center Fund	(549,430)	(641,980)	(641,980)	--
Grants Fund	(33,998)	(194,908)	(184,804)	10,104
Taxable Refunding Bonds Fund	(5,265,350)	(4,178,990)	(4,125,186)	53,804
Excess Revenue and Limited Tax Fund	(521,490)	(521,490)	(390,983)	130,507
Capital Projects Fund	(7,039,482)	(16,610,918)	(16,610,918)	--
Riverside Centroplex Fund	(595,000)	(700,000)	(700,000)	--
Greater Baton Rouge Parking Authority	(352,730)	(352,730)	(352,730)	--
Comprehensive Sewerage System Fund	(4,000,000)	(4,000,000)	(4,000,000)	--
Total transfers out	<u>(18,357,480)</u>	<u>(27,285,016)</u>	<u>(27,090,601)</u>	<u>194,415</u>
 Proceeds of capital asset disposition	 <u>235,000</u>	 <u>245,759</u>	 <u>1,307,280</u>	 <u>1,061,521</u>
 Total other financing sources and uses	 <u>(16,041,540)</u>	 <u>(23,501,994)</u>	 <u>(22,245,984)</u>	 <u>1,256,010</u>
 Net change in fund balances	 <u>(22,559,662)</u>	 <u>(28,383,983)</u>	 <u>1,738,472</u>	 <u>30,122,455</u>
 Fund balances, January 1	 <u>68,901,963</u>	 <u>68,901,963</u>	 <u>68,901,963</u>	 <u>--</u>
 Fund balances, December 31	 <u>\$ 46,342,301</u>	 <u>\$ 40,517,980</u>	 <u>\$ 70,640,435</u>	 <u>\$ 30,122,455</u>

The accompanying notes are an integral part of this statement.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2003

EXHIBIT A - 8

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Greater Baton Rouge Airport District</u>	<u>Comprehensive Sewerage System</u>	<u>Other Enterprise Total</u>	<u>Total</u>	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ --	\$ 54,288,519	\$ 12,096,489	\$ 66,385,008	\$ 8,035,151
Investments	--	61,218,968	5,091,214	66,310,182	--
Sales taxes receivable	--	3,042,212	--	3,042,212	--
Accounts receivable - net	395,360	3,751,562	1,410,651	5,557,573	--
Accrued interest receivable	921	138,667	21,145	160,733	9,437
Special assessments receivable	--	220,183	--	220,183	--
Due from other governments (Note 11)	5,881,930	38	2,553,395	8,435,363	2,149
Prepaid items	--	--	30,982	30,982	--
Inventory	--	--	--	--	191,256
Total current assets	6,278,211	122,660,149	21,203,876	150,142,236	8,237,993
Deferred bond issuance costs	--	847,401	--	847,401	--
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	--	36,007,010	1,107,672	37,114,682	--
Investments	--	71,307,746	1,159,778	72,467,524	--
Accrued interest receivable	--	481,174	4,412	485,586	--
Due from other governments (Note 11)	--	623,510	--	623,510	--
Total restricted assets	--	108,419,440	2,271,862	110,691,302	--
Capital assets (Note 6):					
Land	51,156,063	9,246,846	8,919,507	69,322,416	47,568
Buildings	72,940,216	--	42,367,645	115,307,861	2,213,798
Improvements (other than buildings)	77,368,156	559,554,541	27,095,082	664,017,779	7,190
Equipment	2,602,986	7,668,607	1,606,090	11,877,683	20,120,854
Construction work in progress	1,973,407	9,080,168	24,050,599	35,104,174	--
Total capital assets	206,040,828	585,550,162	104,038,923	895,629,913	22,389,410
Accumulated depreciation	(42,867,969)	(224,006,206)	(41,689,495)	(308,563,670)	(16,599,420)
Net capital assets	163,172,859	361,543,956	62,349,428	587,066,243	5,789,990
Total assets	169,451,070	593,470,946	85,825,166	848,747,182	14,027,983

The accompanying notes are an integral part of this statement.

Continued

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2003

EXHIBIT A - 8
(Continued)

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Greater Baton Rouge Airport District	Comprehensive Sewerage System	Other Enterprise Total	Total	
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	\$ 2,945,429	\$ 3,862,477	\$ 3,273,964	\$ 10,081,870	\$ 363,834
Due to other funds (Note 11)	11,422,552	--	--	11,422,552	--
Due to other governments	141,687	11,716	--	153,403	--
Accrued salaries payable	141,259	523,898	33,397	698,554	70,018
Accrued expenses payable	--	--	39,000	39,000	--
Accrued interest payable	--	5,202,888	184	5,203,072	--
Deferred revenue	--	220,553	507,029	727,582	--
Obligations payable (Note 10)	2,234,932	3,766,221	--	6,001,153	--
Bonds payable (Note 10)	126,200	8,740,000	--	8,866,200	--
Compensated absences payable	166,071	815,262	76,722	1,058,055	176,132
Total current liabilities	17,178,130	23,143,015	3,930,296	44,251,441	609,984
Noncurrent liabilities:					
Obligations payable (Note 10)	6,650,473	34,345,574	--	40,996,047	--
Bonds payable (Note 10)	6,668,802	237,505,000	--	244,173,802	--
Net deferred amount on refunding and premiums (Note 10)	--	(1,902,988)	--	(1,902,988)	--
Landfill closure and postclosure care liability (Note 17)	--	--	11,057,551	11,057,551	--
Net pension obligation	351,788	1,901,689	151,181	2,404,658	262,911
Total noncurrent liabilities	13,671,063	271,849,275	11,208,732	296,729,070	262,911
Total liabilities	30,849,193	294,992,290	15,139,028	340,980,511	872,895
NET ASSETS					
Invested in capital assets, net of related debt	147,492,452	125,168,015	62,349,428	335,009,895	5,789,990
Restricted for capital projects	--	19,124,847	245,206	19,370,053	--
Restricted for debt service	809,181	30,512,383	--	31,321,564	--
Restricted Passenger Facility Charges	366,260	--	--	366,260	--
Unrestricted	(10,066,016)	123,673,411	8,091,504	121,698,899	7,365,098
Total net assets	\$ 138,601,877	\$ 298,478,656	\$ 70,686,138	\$ 507,766,671	\$ 13,155,088

The accompanying notes are an integral part of this statement.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

EXHIBIT A - 9

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Greater Baton Rouge Airport District	Comprehensive Sewerage System	Other Enterprise Total	Total	
OPERATING REVENUES					
Charges for services	\$ 7,410,161	\$ 51,763,829	\$ 11,416,598	\$ 70,590,588	\$ 11,575,366
Miscellaneous revenues	393,738	57,165	192,821	643,724	--
Total operating revenues	<u>7,803,899</u>	<u>51,820,994</u>	<u>11,609,419</u>	<u>71,234,312</u>	<u>11,575,366</u>
OPERATING EXPENSES					
Personal services	2,551,159	9,771,793	1,390,740	13,713,692	1,274,865
Employee benefits	838,745	3,336,967	436,659	4,612,371	560,473
Supplies	275,557	1,780,408	138,915	2,194,880	142,502
Contractual services	4,394,572	16,618,766	9,615,109	30,628,447	3,083,248
Landfill closure and postclosure care expense	--	--	1,197,691	1,197,691	--
Cost of materials	--	--	--	--	4,639,801
Depreciation	4,886,811	21,559,076	2,492,738	28,938,625	2,594,243
Bad debts	--	418,375	249,116	667,491	--
Management fee	--	--	204,400	204,400	--
Total operating expenses	<u>12,946,844</u>	<u>53,485,385</u>	<u>15,725,368</u>	<u>82,157,597</u>	<u>12,295,132</u>
Operating income (loss)	<u>(5,142,945)</u>	<u>(1,664,391)</u>	<u>(4,115,949)</u>	<u>(10,923,285)</u>	<u>(719,766)</u>
NONOPERATING REVENUES					
(EXPENSES)					
Taxes pledged as securities for revenue bonds	--	30,759,931	--	30,759,931	--
Operating grants	986,197	147,367	--	1,133,564	--
Passenger facility charges (Note 16)	895,341	--	--	895,341	--
Customer facility charges	148,905	--	--	148,905	--
Investment earnings	(118,952)	2,914,247	234,797	3,030,092	94,775
Interest expense	(631,127)	(14,275,398)	(20,264)	(14,926,789)	(970)
Bond issuance costs	--	(383,752)	--	(383,752)	--
Gain (loss) on disposition of capital assets	53,868	71,542	4,630	130,040	608,053
Total nonoperating revenues (expenses)	<u>1,334,232</u>	<u>19,233,937</u>	<u>219,163</u>	<u>20,787,332</u>	<u>701,858</u>
Income (loss) before contributions and transfers	<u>(3,808,713)</u>	<u>17,569,546</u>	<u>(3,896,786)</u>	<u>9,864,047</u>	<u>(17,908)</u>
Capital contributions	8,743,167	7,900,536	8,394,823	25,038,526	--
Transfers in	--	4,000,000	9,614,267	13,614,267	--
Transfers out	(95,933)	(449,220)	(27,579)	(572,732)	--
Change in net assets	<u>4,838,521</u>	<u>29,020,862</u>	<u>14,084,725</u>	<u>47,944,108</u>	<u>(17,908)</u>
Total net assets - January 1	<u>133,763,356</u>	<u>269,457,794</u>	<u>56,601,413</u>	<u>459,822,563</u>	<u>13,172,996</u>
Total net assets - December 31	<u>\$ 138,601,877</u>	<u>\$ 298,478,656</u>	<u>\$ 70,686,138</u>	<u>\$ 507,766,671</u>	<u>\$ 13,155,088</u>

The accompanying notes are an integral part of this statement.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

EXHIBIT A - 10

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Greater Baton Rouge Airport District	Comprehensive Sewerage System	Other Enterprise Total	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 8,002,070	\$ 51,004,535	\$ 11,856,124	\$ 70,862,729	\$ 11,575,366
Payments to suppliers for goods and services	(4,637,564)	(17,612,690)	(10,138,944)	(32,389,198)	(7,966,104)
Payments to employees for services and benefits	(3,323,491)	(12,439,520)	(1,822,399)	(17,585,410)	(1,795,780)
Other operating revenues	--	57,165	--	57,165	--
Net cash provided by (used for) operating activities	41,015	21,009,490	(105,219)	20,945,286	1,813,482
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Receipts from general property taxes	--	409	--	409	--
Receipts from general sales and use taxes	--	30,676,421	--	30,676,421	--
Operating grants received	986,197	123,561	--	1,109,758	--
Transfers in from other funds	--	4,000,000	1,040,942	5,040,942	--
Transfers out to other funds	(95,933)	(449,220)	(15,791)	(560,944)	--
Loans from other funds	11,375,901	--	--	11,375,901	--
Repayment of loans to other funds	(1,820,511)	7,659,419	--	5,838,908	--
Repayment of loans from other funds	--	--	(309)	(309)	--
Net cash provided by (used for) noncapital financing activities	10,445,654	42,010,590	1,024,842	53,481,086	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of debt	1,983,996	118,584,947	--	120,568,943	--
Proceeds from capital grants	10,841,848	759,698	--	11,601,546	--
Proceeds from sale of capital assets	58,897	73,924	5,788	138,609	611,977
Passenger facility charges	1,009,926	--	--	1,009,926	--
Customer facility charges	117,487	--	--	117,487	--
Acquisition and construction of capital assets	(21,568,612)	(11,511,142)	(8,642,970)	(41,722,724)	(3,099,097)
Principal paid on bonds, obligations and capital leases	(2,174,756)	(11,251,960)	(560,000)	(13,986,716)	(119,739)
Interest paid on bonds, obligations and capital leases	(651,936)	(15,775,045)	(40,092)	(16,467,073)	(970)
Payment made to Refunding Bonds Escrow Agent	--	(113,552,633)	--	(113,552,633)	--
Capital contributed by other governments	--	--	7,116,794	7,116,794	--
Capital contributed from impact fees	--	4,144,945	--	4,144,945	--
Net cash provided by (used for) capital and related financing activities	(10,383,150)	(28,527,266)	(2,120,480)	(41,030,896)	(2,607,829)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investments	--	(132,526,714)	(6,250,992)	(138,777,706)	--
Proceeds from sales and maturities of investments	--	140,388,788	13,682,762	154,071,550	6,197,062
Interest received on investments	(103,519)	3,004,201	245,112	3,145,794	101,242
Net cash provided by (used for) investing activities	(103,519)	10,866,275	7,676,882	18,439,638	6,298,304

The accompanying notes are an integral part of this statement.

Continued

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

EXHIBIT A - 10
(Continued)

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Greater Baton Rouge Airport District</u>	<u>Comprehensive Sewerage System</u>	<u>Other Enterprise Total</u>	<u>Total</u>	
Net increase (decrease) in cash and cash equivalents (Note 1)	\$ --	\$ 45,359,089	\$ 6,476,025	\$ 51,835,114	\$ 5,503,957
Cash and cash equivalents, January 1	--	44,936,440	6,728,136	51,664,576	2,531,194
Cash and cash equivalents, December 31	<u>\$ --</u>	<u>\$ 90,295,529</u>	<u>\$ 13,204,161</u>	<u>\$ 103,499,690</u>	<u>\$ 8,035,151</u>
Classified as:					
Current assets	\$ --	\$ 54,288,519	\$ 12,096,489	\$ 66,385,008	\$ 8,035,151
Restricted assets	--	36,007,010	1,107,672	37,114,682	--
Totals	<u>\$ --</u>	<u>\$ 90,295,529</u>	<u>\$ 13,204,161</u>	<u>\$ 103,499,690</u>	<u>\$ 8,035,151</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (5,142,945)	\$ (1,664,391)	\$ (4,115,949)	\$ (10,923,285)	\$ (719,766)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	4,886,811	21,559,076	2,492,738	28,938,625	2,594,243
Landfill closure and postclosure care expense	--	--	1,197,691	1,197,691	--
Increase (decrease) in compensated absences payable	(21,658)	104,320	1,011	83,673	29,335
Increase (decrease) in net pension obligation	72,932	501,445	32,071	606,448	59,469
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	198,171	(340,305)	248,484	106,350	--
Decrease (increase) in prepaid items	--	--	19,724	19,724	--
Decrease (increase) in inventory	--	--	--	--	(23,586)
Increase (decrease) in accounts and contracts payable	32,565	785,870	48,793	867,228	(136,436)
Increase (decrease) in due to other governments	--	--	(8,532)	(8,532)	--
Increase (decrease) in accrued salaries payable	15,139	63,475	(28,082)	50,532	10,223
Increase (decrease) in deferred revenue	--	--	6,832	6,832	--
Total adjustments	<u>5,183,960</u>	<u>22,673,881</u>	<u>4,010,730</u>	<u>31,868,571</u>	<u>2,533,248</u>
Net cash provided by (used for) operating activities	<u>\$ 41,015</u>	<u>\$ 21,009,490</u>	<u>\$ (105,219)</u>	<u>\$ 20,945,286</u>	<u>\$ 1,813,482</u>
Non cash investing, capital, and financing activities:					
Gain in fair value of investments	\$ 921	\$ 619,841	\$ 25,557	\$ 646,319	\$ 9,437
Capital assets contributed from other funds	--	--	8,561,537	8,561,537	--
Loss on disposal of capital assets	(5,029)	(2,382)	(1,158)	(8,569)	(3,924)

The accompanying notes are an integral part of this statement.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2003

EXHIBIT A - 11

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 25,882,688
Receivables:	
Employee contributions	1,266,414
Employer contributions	792,112
Interest and dividends	1,358,625
Pending trades	4,017,897
Other contributions	481,638
Total receivables	<u>7,916,686</u>
Investments, at fair value	
U.S. government obligations	72,774,448
Bonds - domestic	55,221,659
Bonds - enhanced index fund	142,523,271
Equity securities - domestic	405,421,317
Equity securities - international	146,521,510
Total investments	<u>822,462,205</u>
Capital assets:	
Land	550,628
Buildings	697,497
Equipment	153,359
Accumulated depreciation	(642,905)
Total capital assets	<u>758,579</u>
Total assets	<u>857,020,158</u>
LIABILITIES	
Accrued expenses and benefits payable	822,896
Pending Trade Payables	<u>16,209,352</u>
Total liabilities	<u>17,032,248</u>
NET ASSETS	
Held in trust for pension benefits	<u>\$ 839,987,910</u>

The accompanying notes are an integral part of this statement.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

EXHIBIT A - 12

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employee	\$ 8,738,314
Employer	14,608,788
Severance contributions from employee	374,723
Total contributions	<u>23,721,825</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	156,683,050
Interest	5,726,012
Dividends	1,880,169
Total investment income	<u>164,289,231</u>
Less: investment expense	<u>1,739,984</u>
Net investment income	<u>162,549,247</u>
Total additions	<u>186,271,072</u>
DEDUCTIONS	
Benefit payments	49,550,057
Refunds and withdrawals	1,682,181
Administrative expenses	1,174,108
Total deductions	<u>52,406,346</u>
Change in net assets	133,864,726
Net assets - beginning of year	<u>706,123,184</u>
Net assets - end of year	<u>\$ 839,987,910</u>

The accompanying notes are an integral part of this statement.



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
 COMBINING STATEMENT OF NET ASSETS
 ALL DISCRETELY PRESENTED COMPONENT UNITS
 DECEMBER 31, 2003**

	Governmental Fund Types		
	District Attorney of the Nineteenth Judicial District	Nineteenth Judicial District Court (1)	E.B.R. Parish Family Court
ASSETS			
Cash and cash equivalents	\$ 2,081,070	\$ 398,181	\$ 289,267
Investments	--	--	--
Property taxes receivable - net (Note 4)	--	--	--
Accounts receivable	106,481	117,915	--
Accrued interest receivable	--	--	--
Other receivables	--	--	--
Due from other governments	122,805	164,705	--
Due from primary government (Note 11)	--	--	--
Prepaid items	--	--	--
Inventory	--	--	--
Net pension asset	--	--	--
Other assets	--	--	--
Restricted assets:			
Cash and cash equivalents	--	--	--
Due from other governments	--	--	--
Capital assets:			
Land	--	--	--
Buildings	--	--	--
Equipment	1,470,594	855,068	286,420
Equipment under capital leases	--	--	--
Construction work-in-progress	--	--	--
Accumulated depreciation	<u>(1,186,829)</u>	<u>(588,862)</u>	<u>(238,608)</u>
Total assets	<u>\$ 2,594,121</u>	<u>\$ 947,007</u>	<u>\$ 337,079</u>

- (1) As of June 30, 2003
 (2) As of September 30, 2003

The accompanying notes are an integral part of this statement.

Continued

Governmental Fund Types

E.B.R. Parish Juvenile Court	Nineteenth Judicial District Indigent Defender Board	E.B.R. Parish Clerk of Court (1)	E.B.R. Parish Coroner	St. George Fire Protection District (2)	Brownsfield Fire Protection District
\$ 624,989	\$ 312,800	\$ 2,653,152	\$ 20,394	\$ 851,197	\$ --
--	--	2,640,000	--	--	--
--	--	--	--	41,531	33,726
139	216,433	648,576	58,852	2,790	--
--	--	--	--	--	--
--	--	26,433	--	--	--
61,210	--	--	--	--	298,808
--	4,331	--	--	--	--
--	9,067	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	17,340	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	289,531	18,592
--	--	--	--	1,330,694	88,673
369,367	136,103	4,966,757	139,751	3,550,121	246,215
--	--	--	--	--	48,980
--	--	--	--	37,958	--
<u>(298,216)</u>	<u>(89,601)</u>	<u>(2,352,838)</u>	<u>(89,243)</u>	<u>(2,202,645)</u>	<u>(245,910)</u>
\$ 757,489	\$ 589,133	\$ 8,582,080	\$ 129,754	\$ 3,918,517	\$ 489,084

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
 COMBINING STATEMENT OF NET ASSETS
 ALL DISCRETELY PRESENTED COMPONENT UNITS
 DECEMBER 31, 2003**

	Governmental Fund Types		
	Central Fire Protection District	E.B.R. Parish Fire Protection District No. 6	Eastside Fire Protection District
ASSETS			
Cash and cash equivalents	\$ 61,120	\$ 101,360	\$ 286,722
Investments	--	--	--
Property taxes receivable - net (Note 4)	227,516	89,720	67,119
Accounts receivable	129,170	16,166	1,094
Accrued interest receivable	--	--	--
Other receivables	--	--	--
Due from other governments	1,039,829	592,136	545,794
Due from primary government (Note 11)	--	--	--
Prepaid items	--	--	--
Inventory	--	--	--
Net pension asset	--	--	--
Other assets	--	--	--
Restricted assets:			
Cash and cash equivalents	--	--	--
Due from other governments	--	--	--
Capital assets:			
Land	159,018	43,000	151,360
Buildings	859,927	456,930	1,522,429
Equipment	1,427,200	635,569	715,715
Equipment under capital leases	437,604	534,526	440,613
Construction work-in-progress	--	--	--
Accumulated depreciation	<u>(1,262,473)</u>	<u>(751,815)</u>	<u>(845,438)</u>
Total assets	<u>\$ 3,078,911</u>	<u>\$ 1,717,592</u>	<u>\$ 2,885,408</u>

- (1) As of June 30, 2003
 (2) As of September 30, 2003

The accompanying notes are an integral part of this statement.

Continued

Governmental Fund Types				Proprietary Fund Type	
Pride Fire Protection District	Chaneyville Fire Protection District	Alsen- St. Irma Lee Fire Protection District	Capital Region Planning Commission (1)	Capital Transportation Corporation	Totals
\$ 76,912	\$ --	\$ --	\$ 110,245	\$ 316,250	\$ 8,183,659
--	--	--	330,286	--	2,970,286
--	--	10,160	--	--	469,772
--	--	--	2,960	46,948	1,347,524
115	2	--	--	--	117
--	--	--	--	--	26,433
38,757	23,522	178,118	217,788	--	3,283,472
--	--	--	--	--	4,331
--	--	--	--	79,230	88,297
--	--	--	--	236,738	236,738
--	--	--	--	938,851	938,851
--	--	--	--	--	17,340
--	--	--	--	742,818	742,818
--	--	--	--	622,191	622,191
15,000	--	9,000	--	--	685,501
135,353	109,334	256,496	--	--	4,759,836
180,146	229,984	203,024	357,382	12,095,607	27,865,023
--	--	256,663	--	--	1,718,386
--	--	--	--	--	37,958
<u>(158,786)</u>	<u>(277,350)</u>	<u>(336,077)</u>	<u>(299,802)</u>	<u>(7,551,191)</u>	<u>(18,775,684)</u>
\$ 287,497	\$ 85,492	\$ 577,384	\$ 718,859	\$ 7,527,442	\$ 35,222,849

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
 COMBINING STATEMENT OF NET ASSETS
 ALL DISCRETELY PRESENTED COMPONENT UNITS
 DECEMBER 31, 2003**

	Governmental Fund Types		
	District Attorney of the Nineteenth Judicial District	Nineteenth Judicial District Court (1)	E.B.R. Parish Family Court
LIABILITIES			
Accounts payable and other current liabilities	\$ 69,054	\$ 130,309	\$ --
Due to other governments	--	--	--
Due to primary government (Note 11)	--	--	--
Accrued payables	102,306	52,264	--
Other liabilities	21,321	--	--
Liabilities payable from restricted assets	--	--	--
Non-current liabilities:			
Due within one year	--	--	--
Due in more than one year:			
Bonds and notes payable	--	--	--
Compensated absences payable	--	601,033	51,195
Obligation under capital leases (Note 10)	--	--	--
Claims and judgments payable	--	--	--
Net pension obligation (Note 7)	308,355	6,842	38,993
Other long-term liabilities	--	--	--
	501,036	790,448	90,188
NET ASSETS			
Invested in capital assets, net of related debt	283,765	266,206	47,812
Restricted for:			
Other purposes	--	--	--
Unrestricted	1,809,320	(109,647)	199,079
Total net assets	\$ 2,093,085	\$ 156,559	\$ 246,891

- (1) As of June 30, 2003
 (2) As of September 30, 2003

The accompanying notes are an integral part of this statement.

Continued

Governmental Fund Types

E.B.R. Parish Juvenile Court	Nineteenth Judicial District Indigent Defender Board	E.B.R. Parish Clerk of Court (1)	E.B.R. Parish Coroner	St. George Fire Protection District (2)	Brownsfield Fire Protection District
\$ 21,122	\$ 619,936	\$ 155,285	\$ 41,304	\$ 110,780	\$ 6,362
86	--	--	--	--	--
--	--	--	--	--	180,948
--	--	291,533	--	37,415	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	1,304,084	6,722
--	--	--	--	1,632,674	--
150,254	--	408,193	1,594	84,764	--
--	--	--	--	--	--
--	--	--	--	--	--
90,901	--	--	50,755	255,315	18,935
--	--	--	--	--	--
<u>262,363</u>	<u>619,936</u>	<u>855,011</u>	<u>93,653</u>	<u>3,425,032</u>	<u>212,967</u>
71,151	46,502	2,613,919	50,508	1,168,901	156,550
52,475	--	--	--	--	--
<u>371,500</u>	<u>(77,305)</u>	<u>5,113,150</u>	<u>(14,407)</u>	<u>(675,416)</u>	<u>119,567</u>
<u>\$ 495,126</u>	<u>\$ (30,803)</u>	<u>\$ 7,727,069</u>	<u>\$ 36,101</u>	<u>\$ 493,485</u>	<u>\$ 276,117</u>

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING STATEMENT OF NET ASSETS
ALL DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2003**

	Governmental Fund Types		
	Central Fire Protection District	E.B.R. Parish Fire Protection District No. 6	Eastside Fire Protection District
LIABILITIES			
Accounts payable and other current liabilities	\$ 51,983	\$ 26,436	\$ --
Due to other governments	--	--	--
Due to primary government (Note 11)	--	--	--
Accrued payables	55,393	--	61,845
Other liabilities	--	--	--
Liabilities payable from restricted assets	--	--	--
Non-current liabilities:			
Due within one year	55,572	65,157	--
Due in more than one year:			
Bonds and notes payable	--	--	530,000
Compensated absences payable	95,616	893	74,235
Obligation under capital leases (Note 10)	122,293	228,161	171,989
Claims and judgments payable	--	--	--
Net pension obligation (Note 7)	52,490	46,212	18,689
Other long-term liabilities	--	--	--
Total liabilities	<u>433,347</u>	<u>366,859</u>	<u>856,758</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,443,411	624,892	1,282,690
Restricted for:			
Other purposes	--	--	--
Unrestricted	<u>1,202,153</u>	<u>725,841</u>	<u>745,960</u>
Total net assets	<u>\$ 2,645,564</u>	<u>\$ 1,350,733</u>	<u>\$ 2,028,650</u>

- (1) As of June 30, 2003
(2) As of September 30, 2003

The accompanying notes are an integral part of this statement.

Governmental Fund Types				Proprietary Fund Type	
Pride Fire Protection District	Chaneyville Fire Protection District	Alsen- St. Irma Lee Fire Protection District	Capital Region Planning Commission (1)	Capital Transportation Corporation	Totals
\$ 1,168	\$ 3,000	\$ 1,601	\$ 46,003	\$ 325,667	\$ 1,610,010
--	--	--	--	--	86
--	4,053	24,674	--	--	209,675
--	--	--	--	612,482	1,213,238
--	--	--	5,886	731,918	759,125
--	--	--	--	341,105	341,105
--	--	44,264	--	--	1,475,799
--	--	--	--	--	2,162,674
--	--	--	34,630	307,402	1,809,809
--	--	61,857	--	--	584,300
--	--	--	--	395,332	395,332
--	--	--	--	--	887,487
--	--	--	--	411,283	411,283
<u>1,168</u>	<u>7,053</u>	<u>132,396</u>	<u>86,519</u>	<u>3,125,189</u>	<u>11,859,923</u>
171,713	61,968	327,249	57,580	4,544,416	13,219,233
--	--	--	--	1,023,904	1,076,379
<u>114,616</u>	<u>16,471</u>	<u>117,739</u>	<u>574,760</u>	<u>(1,166,067)</u>	<u>9,067,314</u>
<u>\$ 286,329</u>	<u>\$ 78,439</u>	<u>\$ 444,988</u>	<u>\$ 632,340</u>	<u>\$ 4,402,253</u>	<u>\$ 23,362,926</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
 COMBINING STATEMENT OF ACTIVITIES
 ALL DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2003**

	Judicial Court Services			
	District Attorney of the Nineteenth Judicial District	Nineteenth Judicial District Court (1)	E.B.R. Parish Family Court	E.B.R. Parish Juvenile Court
EXPENSES	\$ 7,497,283	\$ 7,349,350	\$ 1,215,185	\$ 1,475,179
PROGRAM REVENUES:				
Charges for services	1,465,169	2,161,662	105,956	502,333
Operating grants and contributions	5,388,090	4,553,465	1,058,251	965,841
Capital grants and contributions	--	991	--	--
Net program (expenses) revenue	(644,024)	(633,232)	(50,978)	(7,005)
GENERAL REVENUES:				
Taxes:				
Property	--	--	--	--
Occupancy	--	--	--	--
Grants and contributions not restricted to specific programs	23,215	293,868	--	6,171
Investment earnings	34,318	16,164	4,018	6,660
Gain (loss) on sale of capital assets	--	--	--	--
Total general revenues	57,533	310,032	4,018	12,831
Change in net assets	(586,491)	(323,200)	(46,960)	5,826
Net assets, beginning	2,679,576	479,759	293,851	489,300
Net assets, ending	<u>\$ 2,093,085</u>	<u>\$ 156,559</u>	<u>\$ 246,891</u>	<u>\$ 495,126</u>

- (1) Period ending June 30, 2003
 (2) Period ending September 30, 2003

The accompanying notes are an integral part of this statement.

Continued

Judicial Court Services			Coroner	Fire Protection Districts	
Nineteenth Judicial District Indigent Defender Board	E.B.R. Parish Clerk of Court (1)	Total Judicial Court Services	E.B.R. Parish Coroner	St. George Fire Protection District (2)	Brownsfield Fire Protection District
\$ 2,792,791	\$ 11,828,289	\$ 32,158,077	\$ 856,440	\$ 7,409,259	\$ 517,371
1,947,062	12,518,287	18,700,469	101,731	875,025	129,545
552,784	943,425	13,461,856	701,930	314,900	10,800
--	--	991	--	20,000	11,800
(292,945)	1,633,423	5,239	(52,779)	(6,199,334)	(365,226)
--	--	--	--	6,165,549	297,953
--	--	--	--	--	--
--	257,705	580,959	--	415,557	93,713
6,218	409,291	476,669	--	29,845	(246)
--	--	--	--	--	--
6,218	666,996	1,057,628	--	6,610,951	391,420
(286,727)	2,300,419	1,062,867	(52,779)	411,617	26,194
255,924	5,426,650	9,625,060	88,880	81,868	249,923
\$ (30,803)	\$ 7,727,069	\$ 10,687,927	\$ 36,101	\$ 493,485	\$ 276,117

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
 COMBINING STATEMENT OF ACTIVITIES
 ALL DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2003**

	Fire Protection Districts			
	Central Fire Protection District	E.B.R. Parish Fire Protection District No. 6	Eastside Fire Protection District	Pride Fire Protection District
EXPENSES	\$ 1,277,784	\$ 1,009,443	\$ 899,271	\$ 135,270
PROGRAM REVENUES:				
Charges for services	354,996	157,322	281,211	36,447
Operating grants and contributions	170,320	--	7,200	50,554
Capital grants and contributions	24,990	--	--	--
Net program (expenses) revenue	<u>(727,478)</u>	<u>(852,121)</u>	<u>(610,860)</u>	<u>(48,269)</u>
GENERAL REVENUES:				
Taxes:				
Property	870,556	623,772	592,524	--
Occupancy	--	--	--	--
Grants and contributions not restricted to specific programs	155,625	225,144	32,740	20,882
Investment earnings	5,202	1,530	968	1,464
Gain on sale of capital assets	--	--	--	--
Total general revenues	<u>1,031,383</u>	<u>850,446</u>	<u>626,232</u>	<u>22,346</u>
Change in net assets	303,905	(1,675)	15,372	(25,923)
Net assets, beginning	<u>2,341,659</u>	<u>1,352,408</u>	<u>2,013,278</u>	<u>312,252</u>
Net assets, ending	<u>\$ 2,645,564</u>	<u>\$ 1,350,733</u>	<u>\$ 2,028,650</u>	<u>\$ 286,329</u>

- (1) Period ending June 30, 2003
 (2) Period ending September 30, 2003

The accompanying notes are an integral part of this statement.

Fire Protection Districts			Mass Transit			
Chaneyville Fire Protection District	Alsen- St. Irma Lee Fire Protection District	Total Fire Protection Districts	Capital Region Planning Commission (1)	Capital Transportation Corporation	Total Mass Transit	Total All Component Units
\$ 107,403	\$ 275,933	\$ 11,631,734	\$ 830,855	\$ 12,477,412	\$ 13,308,267	\$ 57,954,518
45,826	13,827	1,894,199	140,844	3,887,389	4,028,233	24,724,632
1,467	33,651	588,892	738,403	221,492	959,895	15,712,573
--	--	56,790	--	1,517,418	1,517,418	1,575,199
(60,110)	(228,455)	(9,091,853)	48,392	(6,851,113)	(6,802,721)	(15,942,114)
--	179,218	8,729,572	--	--	--	8,729,572
--	--	--	--	862,228	862,228	862,228
58,968	35,896	1,038,525	--	6,162,076	6,162,076	7,781,560
63	954	39,780	4,201	2,182	6,383	522,832
2,500	2,550	5,050	--	--	--	5,050
61,531	218,618	9,812,927	4,201	7,026,486	7,030,687	17,901,242
1,421	(9,837)	721,074	52,593	175,373	227,966	1,959,128
77,018	454,825	6,883,231	579,747	4,226,880	4,806,627	21,403,798
<u>\$ 78,439</u>	<u>\$ 444,988</u>	<u>\$ 7,604,305</u>	<u>\$ 632,340</u>	<u>\$ 4,402,253</u>	<u>\$ 5,034,593</u>	<u>\$ 23,362,926</u>



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

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CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15

NOTE 1 - Summary of Significant Accounting Policies

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

a. Financial Reporting Entity

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

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

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

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

Blended Component Units

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

a. Financial Reporting Entity (Continued)

Discrete Component Units

Capital Transportation Corporation (CTC) - CTC is a corporation created by and for the benefit of the Parish to provide urban mass transportation services. Any property acquired by the corporation is for the use and benefit of the City-Parish. Metropolitan Council approval is required for all transportation fare changes and operating subsidies. Operating subsidies are provided through a federal grant and by local matching funds appropriated by the Metropolitan Council. CTC's financial statements for the period ended December 31, 2003, are discretely presented in the basic financial statements.

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

District Attorney of the Nineteenth Judicial District (for the period ended December 31, 2003)
Nineteenth Judicial District Court (for the period ended June 30, 2003)
E.B.R. Parish Clerk of Court (for the period ended June 30, 2003)
E.B.R. Parish Coroner (for the period ended December 31, 2003)
E.B.R. Parish Family Court (for the period ended December 31, 2003)
E.B.R. Parish Juvenile Court (for the period ended December 31, 2003)
Nineteenth Judicial District Indigent Defender Board (for the period ended December 31, 2003)

Capital Region Planning Commission - The Capital Region Planning Commission is a private non-profit government agency that administers federal funding from the U.S. Department of Transportation. A majority of the commissioners are appointed by the City-Parish governing authority. The Metropolitan Council also approves grant budgets and pass-through funding to the Commission. The Commission's financial statements for the year ended June 30, 2003 are included in the discrete component unit columns of the basic financial statements.

Parish Fire Protection Districts - Parish Fire Protection Districts (including St. George Fire Protection District, Brownsfield Fire Protection District, Central Fire Protection District, E.B.R. Parish Fire Protection District No. 6, Eastside Fire Protection District, Pride Fire Protection District, Chaneyville Fire Protection District, and Alsen-St. Irma Lee Fire Protection District) are established pursuant to State Statutes. The Metropolitan Council appoints a majority of the board members of each fire protection district. The Council has the right to approve the fire protection districts' tax rates and charges. Although the City-Parish has issued debt in the past on behalf of one or more of the fire protection districts, each district is legally responsible for the debt it incurs. The fiscal year for all fire protection districts is the calendar year except St. George Fire Protection District whose fiscal year end is September 30, 2003.

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

a. Financial Reporting Entity (Continued)

Discrete Component Units (Continued)

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

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

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

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

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

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

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

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

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

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

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

Capital Transportation Corporation
Dwight Brashear, General Manager
2250 Florida Boulevard
Baton Rouge, LA 70802

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

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

Related Organizations

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

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

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

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

a. Financial Reporting Entity (Continued)

Related Organizations (Continued)

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

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

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

Industrial Development Board
(No Financial Transactions)

b. Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

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

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

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

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

b. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS:

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

The daily accounts and operations of the City-Parish are organized on the basis of individual funds, each of which is considered a separate accounting entity. The operations of each fund, both major and non-major, are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds of the primary government are grouped, into generic fund types and three broad fund categories as follows:

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

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

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

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

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

Proprietary Funds:

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

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

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

b. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (Continued):

Proprietary Funds (Continued):

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

Fiduciary Fund:

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

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

c. Basis of Accounting and Measurement Focus

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

FUND FINANCIAL STATEMENTS:

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

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

c. Basis of Accounting and Measurement Focus (Continued)

FUND FINANCIAL STATEMENTS (Continued):

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

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

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

d. Budgetary Data

BUDGET POLICIES AND BUDGETARY ACCOUNTING:

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

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

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

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

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

d. Budgetary Data (Continued)

BUDGET POLICIES AND BUDGETARY ACCOUNTING (Continued):

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

In accordance with The Plan of Government, appropriations, in addition to those contained in any current expenditure budget, shall be made only on the recommendation of the Mayor-President, and only if the Director of Finance certifies that there is available an unappropriated cash surplus sufficient to meet such appropriations. Appropriations at year-end normally lapse, except for those projects of a continuing nature which remain open until the projects are completed or abandoned and are shown on the Balance Sheet as Fund Balance-Reserved for Continuing Projects. Such appropriations for continuing projects carried forward from 2002 to 2003 totaled \$6,906,114 for the General Fund, which is included in the original budget column. The level of budget control is at the fund, department or project level, and expenditures/encumbrances may not exceed appropriations. Should additional appropriations be required, interdivisional transfers may be authorized by the Mayor-President. At year-end, interdepartmental transfers may be made at the request of the Mayor-President with approval of the Council. Additional appropriations from fund balance or increases in estimated revenues must be approved by the Council. In accordance with The Plan of Government, if the Mayor-President shall at any time ascertain that there will not be for the parish, the city, or the districts, sufficient funds to meet total appropriations, it shall be his duty to revise appropriations. During 2003, the General Fund budget was increased by \$9,801,129 as reflected in the final budget column of the budget presentation and as discussed in the Management's Discussion and Analysis section of this report.

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

ENCUMBRANCES:

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

e. Assets, Liabilities, and Fund Equity

CASH, CASH EQUIVALENTS, AND INVESTMENTS:

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

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

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

EXHIBIT A - 15
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

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

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

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

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

Securities traded in a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Unrealized gains and losses on investments recorded at fair value are included in investment income.

RESTRICTED ASSETS:

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

INVENTORIES AND PREPAID ITEMS:

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

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

INTERFUND RECEIVABLES AND PAYABLES:

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

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

EXHIBIT A - 15
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

ACCOUNTS RECEIVABLE:

Accounts receivable are reported net of an allowance for uncollectibles in business-type activities. Major accounts receivable are recorded for: (1) sewer user fees in the Comprehensive Sewerage System Enterprise Fund; (2) airline landing fees, rentals, and miscellaneous charges for services in the Greater Baton Rouge Airport Authority Enterprise Fund; and (3) waste disposal fees at the landfill recorded in the Solid Waste Disposal Facility Enterprise Fund. Uncollectible revenues are estimated at approximately ½ percent for the sewer user fees with uncollectibles written off on a monthly basis. At December 31, 2003, an uncollectible allowance of 46 percent has been recorded for the Greater Baton Rouge Airport District. Uncollectible amounts for waste disposal fees are historically immaterial and no allowance is recorded.

CAPITAL ASSETS:

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

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

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

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

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

All infrastructure assets purchased by the primary government since 1960 are recorded as capital assets and depreciated accordingly. Certain improvements, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and other assets acquired from subdivision developers, between year 1980 and year 2000, have not been capitalized as of December 31, 2003. GASB 34 allows the City-Parish until fiscal year 2006 to record and depreciate these donated infrastructure assets. The net financial effect of recording these infrastructure assets will be an increase in net capital assets on the government-wide statements. Donated infrastructure accepted into the City-Parish's maintenance program for years 2001, 2002 and 2003 have been capitalized and depreciated in accordance with the above capitalization policy.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

CAPITAL ASSETS (Continued):

The City-Parish capitalizes interest cost (net of interest earned) during the construction phase of major capital projects of proprietary funds in accordance with FASB Statements No. 34, *Capitalization of Interest Cost*, and No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*. The objectives of capitalizing interest are: (a) to obtain a measure of acquisition cost that more closely reflects the enterprise's total investment in the asset, and (b) to charge a cost that relates to the acquisition of a resource that will benefit future periods against the revenues of the period benefitted. The amount of interest cost capitalized on major capital projects acquired/constructed with proceeds of restricted tax-exempt debt includes all interest cost of the borrowing less any interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing from the date of the borrowing until the assets are ready for their intended use. Interest cost capitalized for the period ending December 31, 2003, is disclosed by project in Note 6, *Changes in Capital Assets*.

LONG-TERM DEBT:

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

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

Excess revenue contracts, loans, and notes are obligations of the general government and payment of these debts is normally provided by transfers from the General Fund to a debt service fund.

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

COMPENSATED ABSENCES:

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

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

Payments for accrued sick and vacation leave are limited to a combined 120 days under all circumstances except death. Upon death, the maximum accrued leave payable is 120 days sick leave and the equivalent of two years of accrued vacation. Vacation and sick leave may also be converted into time worked for retirement purposes. Per Metropolitan Council Ordinance 85011 effective January 1, 1988, the Employees' Retirement System assumed liability for separation benefits (accrued sick and vacation leave) for employees who retire or who die. At December 31, 2003, the City-Parish retains approximately 17.44% of the total liability for accumulated sick and vacation leave per calculations performed by an outside actuary consultant.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

COMPENSATED ABSENCES (Continued):

City-Parish employees of certain job classifications may accrue compensatory time in lieu of overtime payment up to 30 days for regular employees and 60 days for public safety employees. Compensatory leave is paid by the City-Parish upon termination, resignation, retirement or death, up to the maximum accrual amounts. City-Parish retains 100% of the compensatory leave liability as of December 31, 2003.

GASB Statement No. 16, *Accounting for Compensated Absences*, requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate employees for benefits through cash payments conditioned on the employees' termination or retirement. The City-Parish has recorded the following liabilities as of December 31, 2003, for certain salary-related benefits associated with the payment of compensated absences:

1. The actuarially determined percentage of accrued vacation for each employee valued at the employees' current rate of pay.
2. Using the "termination pay method," the value of the City-Parish's liability for sick leave as of December 31, 2003, is limited to 1/3 of the accumulated sick leave accrued at year-end for DROP participants. No sick leave is recorded in the financial statements for active employees since the amount applicable under GASB Statement No. 16 is immaterial.
3. A total of 100% of the compensatory leave for each employee valued at the employees' current rate of pay.
4. Applicable percentages of retirement contribution, social security, and Medicare have been added to the above accrued leave.

In the government-wide financial statements and the proprietary fund types fund statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. A current liability is recorded for the value of one year's accrual of leave in the proprietary funds fund statements. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March of 2000), no compensated absences liability is recorded at December 31, 2003, in the governmental fund-type fund financial statements.

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

MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:

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

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

RESERVES AND DESIGNATIONS OF EQUITY:

Some portions of fund balance in the governmental fund types are reserved to indicate that a portion of equity is legally restricted to a specific future use and is not available for appropriation or expenditure. Reserved for Subsequent Year Expenditures is fund balance that has been budgeted as a source in the 2004 Operating Budget. "Reserved for Continuing

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

RESERVES AND DESIGNATIONS OF EQUITY (Continued):

Projects” are those portions of incomplete projects where appropriations are carried forward to the following year. Designated portions of fund balance indicate tentative future spending plans, which may be changed and are subject to subsequent authorization before expenditures can be made. All designations are made for specific indicated purposes included in the title and require a council appropriation in subsequent years.

NET ASSETS:

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

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

ACCOUNTING ESTIMATES:

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

NOTE 2 - Stewardship, Compliance and Accountability

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

Greater Baton Rouge Airport District:

Unrestricted net assets of the Greater Baton Rouge Airport District were a negative \$10.0 million at December 31, 2003. In addition, the general fund had provided short-term borrowing of \$11.4 million to the District at year-end. Most of this major fund’s assets are capital assets. Due to the slow down in the aviation industry the District incurred a \$3.8 million loss before government contributions during 2003. The District’s administration is working on a plan to address the future funding and operations of the airport. In addition, the District will be negotiating a new airport/airline lease agreement in 2004. Repayment of the \$11.4 million borrowing is dependent upon the viability of this fund.

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

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

	Final Budget	Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
Crisis Care Center	\$185,050	\$185,104	\$ (54)
U.S.S. Kidd	128,400	128,410	(10)
Equivalent three mills on industrial area assessment	95,340	100,077	(4,737)

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 2 - Stewardship, Compliance and Accountability (Continued)

c. Budgetary - GAAP Reporting Reconciliation

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

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

	General Fund	Non-major Governmental Funds
Net change in fund balances (Budget Basis)	\$1,738,472	\$(2,155,207)
Adjustments:		
To adjust for encumbrances	953,436	4,660,065
To adjust for U.S. Housing and Urban Development loans receivable	--	(2,612,728)
Net change in fund balances (GAAP Basis)	<u>\$2,691,908</u>	<u>\$ (107,870)</u>

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

Reserve for encumbrances	\$2,736,643
Grant encumbrances	1,923,422
Total encumbrances	<u>\$4,660,065</u>

NOTE 3 - Cash, Cash Equivalents and Investments

The City-Parish maintains a consolidated cash management pool that is available for use by all funds except the Employees' Retirement System Pension Trust Fund. Each fund type's portion of the consolidated cash pool is displayed on the Statement of Net Assets as "Cash and cash equivalents" or "Investments."

a. Deposits - Primary Government

City-Parish deposits (including demand deposit accounts and certificates of deposits) at December 31, 2003, for the City-Parish primary government are summarized as follows:

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

	Carrying Amount	Bank Balance
Category 1	\$187,837,045	\$192,442,634
Category 2	--	--
Category 3	--	--
Total	<u>\$187,837,045</u>	<u>\$192,442,634</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

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

a. Deposits - Primary Government (Continued)

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

Certificates of deposit with a maturity of 90 days or more are classified on the Statement of Net Assets as "Investments" (\$160,284,921). The remaining carrying amount of \$27,552,124 is classified as "Cash and cash equivalents."

The City-Parish's bank balance of deposits at December 31, 2003, is categorized above in three levels of credit risk. Category 1 includes bank balance which is insured or collateralized with securities held by the City-Parish or its agent in the City-Parish's name. Category 2 includes bank balance which is collateralized with securities held by the pledging financial institution's trust department or agent in the City-Parish's name. Category 3 includes bank balance which is uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the City-Parish's name.

The carrying amount of deposits does not include a cash on hand balance of \$2,374,222 which is not on deposit with a financial institution. Cash on hand includes petty cash and cash received but not yet deposited at year-end.

2. Employees' Retirement System Pension Trust Fund:

At December 31, 2003, the carrying amount of the Retirement System's cash was \$4,431,623 and the bank balance was \$4,571,114 of which \$100,000 was covered by Federal Depository Insurance. The remainder was collateralized by securities held by the System's agent, Bank One, N.A., Baton Rouge, LA in a custodial account in the Retirement System's name. (Category 1) The carrying amount is classified on the Statement of Fiduciary Net Assets as "Cash and cash equivalents."

b. Cash Equivalents and Investments - Primary Government

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

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

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

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

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

EXHIBIT A - 15
(Continued)

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

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

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

City-Parish investments for the primary government at December 31, 2003, are categorized below in order to give an indication of the level of risk assumed by the entity at year-end.

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

	<u>Category 1</u>	<u>Carrying Amount</u>	<u>Amortized Cost/ Fair Value</u>
U.S. Government Securities	\$ 79,517,960	\$ 79,517,960	\$ 79,767,081
State and Local Government Series	3,341,000	3,341,000	3,341,000
Repurchase Agreements	<u>37,317,810</u>	37,317,810	37,317,810
	<u>\$120,176,770</u>		
 Investments not subject to categorization:			
Louisiana Asset Management Pool (LAMP)		<u>169,872,663</u>	<u>169,872,663</u>
Total		<u>\$290,049,433</u>	<u>\$290,298,554</u>

Investments with a maturity of less than 90 days are classified on the Statement of Net Assets as "Cash and cash equivalents" (\$194,808,015). The remaining carrying amount of \$95,241,418 is classified on the Statement of Net Assets as "Investments." The difference between carrying amount and amortized cost/fair value of \$249,121 is included in "Receivables - net" on the Statement of Net Assets. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments in U.S. Treasury obligations that have a remaining maturity at time of purchase of one year or less, and investments in 2a7-like pools are stated at amortized cost which is not materially different from fair value. All other investments are shown at fair value.

The \$169,872,663 invested in LAMP is owned by the Parish's pooled account (\$169,000,000), and the East Baton Rouge Sewerage Commission (\$872,663). In accordance with GASB Codification Section I50.165, these investments are not categorized above because they are not evidenced by securities that exist in physical or book entry form.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of the participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

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

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

2. Employees' Retirement System Pension Trust Fund:

	<u>Category 1</u>	<u>Category Rating Not Required</u>	<u>Fair Value</u>
U.S. Treasury Bonds	\$ 22,061,173	\$ --	\$ 22,061,173
U.S. Agency Notes	50,713,275	--	50,713,275
Corporate Bonds	55,221,659	--	55,221,659
Corporate Stocks	139,430,444	--	139,430,444
Corporate Stock Index	--	265,990,873	265,990,873
International Equity	--	146,521,510	146,521,510
Enhanced Bond Index Fund	--	142,523,271	142,523,271
Money Market Funds	<u>21,451,065</u>	<u>--</u>	<u>21,451,065</u>
Total	<u>\$288,877,616</u>	<u>\$555,035,654</u>	<u>\$843,913,270</u>

The fair value of \$822,462,205 is classified on the Statement of Fiduciary Net Assets as "Investments." \$21,451,065 is classified on the Statement of Fiduciary Net Assets as "Cash and Cash equivalents."

Category 1 includes investments that are insured or registered or for which the securities are held by the City-Parish or its agent in the City-Parish's name.

c. Deposits - Discretely Presented Component Units

The discretely presented component unit agencies are required to invest idle funds within the same state statute as the primary government. Component unit deposits (including demand deposit accounts and certificates of deposits) at their respective year ends, are categorized below in the three levels of credit risk as explained in section (a) of this note above:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
District Attorney of the Nineteenth Judicial District	\$ 2,081,070	\$ 2,204,783	\$1,000,000	\$1,204,783	\$ --
Nineteenth Judicial District Court	398,181	583,844	100,000	--	483,844
E.B.R. Parish Family Court	289,267	304,786	304,786	--	--
E.B.R. Parish Juvenile Court	624,689	644,694	192,088	--	452,606
Nineteenth Judicial District Indigent Defender Board	312,800	355,364	355,364	--	--
E.B.R. Parish Clerk of Court	5,290,927	5,399,133	601,648	--	4,797,485
E.B.R. Parish Coroner	20,394	24,857	24,857	--	--
St. George Fire Protection District	851,197	898,379	100,000	--	798,379
Central Fire Protection District	61,120	86,982	86,982	--	--
District 6 Fire Protection District	101,360	130,980	100,000	--	30,980
Eastside Fire Protection District	286,722	293,916	100,000	--	193,916

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

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

c. Deposits - Discretely Presented Component Units (Continued)

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Pride Fire Protection District	\$ 76,912	\$ 76,912	\$ 76,912	\$ --	\$ --
Capital Region Planning Commission	378,830	399,728	399,728	--	--
Capital Transportation Corporation	<u>1,057,534</u>	<u>1,109,043</u>	<u>1,109,043</u>	<u>--</u>	<u>--</u>
Total Component Units	<u>\$11,831,003</u>	<u>\$12,513,401</u>	<u>\$4,551,408</u>	<u>\$1,204,783</u>	<u>\$6,757,210</u>

For the component unit agencies that carry pledged securities that are considered Category 3 under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the component unit agency that the fiscal agent has failed to pay deposited funds upon demand.

Certificates of deposit with a maturity of 90 days or more are classified on the Statement of Net Assets as "Investments" (\$2,908,805). The remaining carrying amount of \$8,922,198 is classified as "Cash and cash equivalents."

The carrying amounts of deposits do not include a cash on hand balance for E.B.R. Parish Juvenile Court (\$300), Clerk of Court (\$2,225), Capital Region Planning Commission (\$220), and Capital Transportation Corporation (\$1,534) which is not on deposit with a financial institution. Cash on hand includes petty cash and cash received but not yet deposited at year-end.

d. Investments - Discretely Presented Component Units

Investments for component units include a fair value amount of \$61,481 in government securities held by Capital Region Planning Commission that are classified as Category 1.

e. Cash, Cash Equivalents and Investments Summary

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

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

Cash and cash equivalents:

Deposits	\$ 27,552,124
Cash on hand	2,374,222
Investments	24,935,352
Louisiana Asset Management Pool	<u>169,872,663</u>
Sub-total cash and cash equivalents	<u>224,734,361</u>

Investments:

Deposits	160,284,921
Investments	<u>95,241,418</u>
Sub-total investments	<u>255,526,339</u>

Cash, cash equivalents and investments, December 31, 2003 \$480,260,700

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

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

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

1. Reconciliation of the carrying amount of deposits and investments (Continued)

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

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

Current Assets - Cash and cash equivalents	\$187,619,679
Restricted Assets - Cash and cash equivalents	<u>37,114,682</u>
Total cash and cash equivalents	<u>224,734,361</u>
Current Assets - Investments	183,058,815
Restricted Assets - Investments	<u>72,467,524</u>
Total investments	<u>255,526,339</u>
Total cash and cash equivalents and investments	<u>\$480,260,700</u>

B. Component units:

Cash and cash equivalents:	
Deposits	\$ 8,922,198
Cash on hand	<u>4,279</u>
Sub-total cash and cash equivalents	<u>8,926,477</u>
Investments:	
Deposits	2,908,805
Investments	<u>61,481</u>
Sub-total investments	<u>2,970,286</u>
Cash, cash equivalents and investments, December 31, 2003	<u>\$ 11,896,763</u>

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

Current Assets - Cash and cash equivalents	\$ 8,183,659
Restricted Assets - Cash and cash equivalents	<u>742,818</u>
Total cash and cash equivalents	<u>8,926,477</u>
Current Assets - Investments	<u>2,970,286</u>
Total cash and cash equivalents and investments	<u>\$ 11,896,763</u>

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

Cash and cash equivalents:	
Deposits	\$ 4,431,623
Investments	<u>21,451,065</u>
Sub-total	<u>25,882,688</u>
Investments	<u>822,462,205</u>
Cash, cash equivalents and investments, December 31, 2003	<u>\$848,344,893</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 4 - Property Taxes

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years. Year 2000 was the last reassessment year.

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

The 2003 property tax calendar is as follows:

Levy date	November 26, 2002
Millage rates adopted	November 26, 2002
Tax bills mailed	December 1, 2003
Due date	December 31, 2003
Lien date	January 1, 2004

State Law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of one and one-fourth percent per month until the taxes are paid (LRS 47:2101). After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed (LRS 47:2181). Therefore, there are no delinquent taxes at year-end.

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

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

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

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

	<u>Property Taxes Receivable</u>	<u>Estimated Uncollectible Property Taxes</u>	<u>Net Property Taxes Receivable</u>
General Fund	\$2,491,114	\$ 498,234	\$1,992,880
Special Revenue Funds	<u>5,969,192</u>	<u>1,371,052</u>	<u>4,598,140</u>
Total	<u>\$8,460,306</u>	<u>\$1,869,286</u>	<u>\$6,591,020</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 4 - Property Taxes (Continued)

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

	<u>Property Taxes Receivable</u>	<u>Estimated Uncollectible Property Taxes</u>	<u>Net Property Taxes Receivable</u>
St. George Fire Protection District	\$ 150,989	\$ 109,458	\$ 41,531
Brownsfield Fire Protection District	45,563	11,837	33,726
Central Fire Protection District	266,516	39,000	227,516
E.B.R. Parish Fire Protection District No. 6	118,989	29,269	89,720
Eastside Fire Protection District	79,627	12,508	67,119
Alsen-St. Irma Lee Fire Protection District	<u>10,160</u>	<u>—</u>	<u>10,160</u>
Total	<u>\$ 671,844</u>	<u>\$ 202,072</u>	<u>\$ 469,772</u>

NOTE 5 - Federal and State Financial Assistance

a. **Grants From Other Governmental Units**

Federal and State grant programs represent an important source of funding to finance housing, employment, construction, and social programs which are beneficial to the City and the Parish. These funds are recorded in the Special Revenue, Capital Projects, and Enterprise Funds. A grant appropriation is recorded when an approved contract is authorized with the funding agency through the "Grants Review Process." Receivables are established when eligible expenditures are incurred. The grants normally specify the purpose for which funds may be used and federal grants are audited annually in accordance with Office of Management and Budget Circular A-133 under the "Single Audit Concept." The grant programs are also subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

During 2003 and 2002, the following amounts under various grants and entitlements are recorded as revenues, subsidies, or contributions in the accompanying financial statements:

	<u>2003</u>	<u>2002</u>
Primary Government:		
Governmental activities:		
Capital Projects Fund	\$12,336,916	\$ 4,159,009
Non-major governmental funds	35,013,602	35,073,344
Business-type funds:		
Greater Baton Rouge Airport District	9,729,364	17,260,308
Comprehensive Sewerage System Fund	8,047,903	5,820,346
Non-major business-type funds	<u>8,394,823</u>	<u>2,887,087</u>
Total primary government	<u>\$73,522,608</u>	<u>\$65,200,094</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 5 - Federal and State Financial Assistance (Continued)

a. Grants From Other Governmental Units (Continued)

	<u>2003</u>	<u>2002</u>
Component Units:		
District Attorney of the Nineteenth Judicial District	\$ 747,850	\$ 897,398
Nineteenth Judicial District Court	24,922	149,611
E.B.R. Parish Juvenile Court	2,881	72,047
Nineteenth Judicial District Indigent Defender Board	336,319	366,869
St. George Fire Protection District	20,000	--
Brownsfield Fire Protection District	11,800	24,700
Central Fire Protection District	24,990	29,750
Pride Fire Protection District	50,554	--
Chaneyville Fire Protection District	1,467	--
Alsen-St. Irma Lee Fire Protection District	33,651	--
Capital Region Planning Commission	667,135	568,985
Capital Transportation Corporation	<u>3,988,203</u>	<u>4,527,808</u>
 Total component units	 <u>\$ 5,909,772</u>	 <u>\$ 6,637,168</u>

b. On-Behalf Payments for Salaries and Benefits

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

Supplementary salary payments are made by the state directly to certain groups of employees. City-Parish is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure (expense) payments is the actual contribution made by the state. For 2003, the state paid supplemental salaries to the following groups of employees of the primary government: fire and law enforcement employees, city court judges, and employees of the Registrar of Voters' Office. The state also paid supplemental salaries for employees of the Nineteenth Judicial District Attorney, judges salaries and benefits for the three court systems and state supplemental salaries of the parish fire protection district component units.

LRS 33:7392 provides for a percentage of property taxes collected in East Baton Rouge Parish to be remitted to the State Municipal Employees' Retirement System (MERS). The statute further provides for MERS to distribute these funds back to the City-Parish Employees' Retirement System and the Cities of Zachary and Baker Retirement Systems. On-behalf payments recorded as revenues and expenditures (expenses) in the 2003 financial statements are as follows:

	<u>State Supplemented Salaries</u>	<u>MERS Contribution</u>	<u>Total 2003 On-Behalf Payments</u>
Primary Government:			
Governmental activities	\$4,431,602	\$512,035	\$4,943,637
Business-type activities	<u>78,564</u>	<u>--</u>	<u>78,564</u>
 Total primary government	 <u>4,510,166</u>	 <u>512,035</u>	 <u>5,022,201</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 5 - Federal and State Financial Assistance (Continued)

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

	<u>State Supplemented Salaries</u>	<u>MERS Contribution</u>	<u>Total 2003 On-Behalf Payments</u>
Component Units:			
District Attorney of the Nineteenth Judicial District	\$1,436,466	\$ --	\$1,436,466
Nineteenth Judicial District Court	1,803,271	--	1,803,271
E.B.R. Parish Family Court	480,872	--	480,872
E.B.R. Parish Juvenile Court	240,436	--	240,436
St. George Fire Protection District	314,900	--	314,900
Brownsfield Fire Protection District	10,800	--	10,800
Central Fire Protection District	45,300	--	45,300
E.B.R. Parish Fire Protection District No. 6	41,510	--	41,510
Eastside Fire Protection District	<u>7,200</u>	<u>--</u>	<u>7,200</u>
 Total component units	 <u>4,380,755</u>	 <u>--</u>	 <u>4,380,755</u>
 Total on-behalf payments	 <u>\$8,890,921</u>	 <u>\$512,035</u>	 <u>\$9,402,956</u>

NOTE 6 - Changes in Capital Assets

a. Primary government capital asset activity for the year ended December 31, 2003, was as follows:

	<u>Balance 1/1/2003</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balance 12/31/2003</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land and right-of-way	\$ 70,678,175	\$ 5,450,529	\$ 915,347	\$ 77,044,051
Construction work in progress	<u>17,779,101</u>	<u>25,991,766</u>	<u>(6,527,381)</u>	<u>37,243,486</u>
Total capital assets not being depreciated	<u>88,457,276</u>	<u>31,442,295</u>	<u>(5,612,034)</u>	<u>114,287,537</u>
Capital assets being depreciated:				
Buildings	175,804,160	6,949,868	1,416,276	184,170,304
Improvements (other than buildings) and infrastructure	287,335,668	10,725,605	9,452,010	307,513,283
Equipment and equipment under lease	<u>70,791,693</u>	<u>7,192,956</u>	<u>(8,519,422)</u>	<u>69,465,227</u>
Total capital assets being depreciated	<u>533,931,521</u>	<u>24,868,429</u>	<u>2,348,864</u>	<u>561,148,814</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2003

EXHIBIT A - 15
 (Continued)

NOTE 6 - Changes in Capital Assets (Continued)

a. Primary government capital asset activity for the year ended December 31, 2003 (Continued)

	<u>Balance 1/1/2003</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balance 12/31/2003</u>
Governmental Activities (Continued):				
Less accumulated depreciation for:				
Buildings	\$ (91,951,498)	\$(5,326,947)	\$ --	\$ (97,278,445)
Improvements (other than buildings) and infrastructure	(154,048,972)	(9,765,581)	--	(163,814,553)
Equipment and equipment under lease	<u>(50,869,968)</u>	<u>(8,920,491)</u>	<u>8,296,031</u>	<u>(51,494,428)</u>
Total accumulated depreciation	<u>(296,870,438)</u>	<u>(24,013,019)</u>	<u>8,296,031</u>	<u>(312,587,426)</u>
 Total capital assets being depreciated, net	 <u>237,061,083</u>	 <u>855,410</u>	 <u>10,644,895</u>	 <u>248,561,388</u>
 Total governmental activities capital assets, net	 <u>\$325,518,359</u>	 <u>\$32,297,705</u>	 <u>\$ 5,032,861</u>	 <u>\$362,848,925</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land and right-of-way	\$ 69,693,818	\$ 101,300	\$ (472,702)	\$ 69,322,416
Construction work in progress	<u>16,266,155</u>	<u>47,152,329</u>	<u>(28,314,310)</u>	<u>35,104,174</u>
 Total capital assets not being depreciated	 <u>85,959,973</u>	 <u>47,253,629</u>	 <u>(28,787,012)</u>	 <u>104,426,590</u>
 Capital assets being depreciated:				
Buildings	107,440,078	7,867,783	--	115,307,861
Improvements (other than buildings) and infrastructure	638,950,658	24,594,419	472,702	664,017,779
Equipment	<u>11,694,051</u>	<u>332,587</u>	<u>(148,955)</u>	<u>11,877,683</u>
Total capital assets being depreciated	<u>758,084,787</u>	<u>32,794,789</u>	<u>323,747</u>	<u>791,203,323</u>
 Less accumulated depreciation for:				
Buildings	(42,020,730)	(3,789,685)	--	(45,810,415)
Improvements (other than buildings) and infrastructure	(229,335,063)	(24,035,673)	--	(253,370,736)
Equipment	<u>(8,801,930)</u>	<u>(1,113,267)</u>	<u>532,678</u>	<u>(9,382,519)</u>
Total accumulated depreciation	<u>(280,157,723)</u>	<u>(28,938,625)</u>	<u>532,678</u>	<u>(308,563,670)</u>
 Total capital assets being depreciated, net	 <u>477,927,064</u>	 <u>3,856,164</u>	 <u>856,425</u>	 <u>482,639,653</u>
 Total business-type activities capital assets, net	 <u>\$563,887,037</u>	 <u>\$51,109,793</u>	 <u>\$(27,930,587)</u>	 <u>\$587,066,243</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 6 - Changes in Capital Assets (Continued)

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

Governmental Activities:

Governmental fund-types:

General government	\$ 1,535,113
Public safety	7,271,749
Transportation	10,021,972
Sanitation	9,172
Health and welfare	287,750
Culture and recreation	1,676,264
Conservation and development	616,756
Internal service fund capital assets are charged to the various functions based on their usage of the assets	<u>2,594,243</u>
Total depreciation expense - governmental activities	<u><u>\$24,013,019</u></u>

Business-Type Activities:

Airport	\$ 4,886,811
Sewer	21,559,076
Non-major business - type activities	<u>2,492,738</u>
Total depreciation expense - business-type activities	<u><u>\$28,938,625</u></u>

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

	<u>Project Authorization</u>	<u>Capitalized to Date</u>	<u>Balance in Construction Work In Progress 12/31/2003</u>	<u>Committed</u>	<u>Estimated Required Future Financing</u>
Capital Projects Fund:					
Miscellaneous Capital Improvements	\$ 70,739,356	\$ 47,675,249	\$ 1,457,371	\$ 7,939,436	None
Capital Improvement	69,275,111	50,482,706	6,251,622	4,218,553	None
Road and Street Improvement (Dedicated Sales Tax)	114,596,000	45,554,629	23,045,303	5,485,104	None
LA DOTD Grants Capital Projects	40,224,414	26,501,437	2,939,474	1,666,894	None
General Capital Expenditures	20,367,297	9,306,197	148,581	1,159,654	None
Community Development	9,019,623	2,200,714	2,703,553	1,265,581	None
General Government	3,642,014	--	1,175	--	None
Street Improvements	10,077,236	6,064,430	695,387	177,987	None
Mosquito and Rodent Control	<u>851,347</u>	<u>415,839</u>	<u>1,020</u>	<u>100,129</u>	None
Total	<u><u>\$338,792,398</u></u>	<u><u>\$188,201,201</u></u>	<u><u>\$37,243,486</u></u>	<u><u>\$22,013,338</u></u>	

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 6 - Changes in Capital Assets (Continued)

d. Construction work in progress at December 31, 2003, for primary government enterprise funds is composed of the following:

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Capitalized</u>	<u>Balance in Construction Work in Progress 12/31/03</u>
Greater Baton Rouge Airport District:				
Miscellaneous project costs	\$ 736,314	\$ 736,314	\$ 28,695	\$ 707,619
Terminal access road	201,018	201,018	--	201,018
Runway and apron improvements	13,907,017	602,167	--	602,167
Noise mitigation projects	<u>7,777,777</u>	<u>462,603</u>	<u>--</u>	<u>462,603</u>
Total	<u>22,622,126</u>	<u>2,002,102</u>	<u>28,695</u>	<u>1,973,407</u>
Comprehensive Sewerage System Fund:				
South wastewater treatment plant rehabilitation trickling filter	494,403	45	--	45
Central wastewater treatment plant Outfall line replacement	4,090,913	335,239	77,995	257,244
Miscellaneous treatment plant improvements	343,470	112,707	73,515	39,192
Rehabilitation construction	2,550,883	1,395,953	650,498	745,455
Sanitary sewer overflow corrective action plan	147,968,900	23,802,215	16,129,483	7,672,732
Trunkline system	793,591	34,444	--	34,444
Telemetry system	1,072,429	211,491	--	211,491
Supplemental environmental projects	<u>1,399,000</u>	<u>480,756</u>	<u>361,191</u>	<u>119,565</u>
Total	<u>158,713,589</u>	<u>26,372,850</u>	<u>17,292,682</u>	<u>9,080,168</u>
Non-major business-type activities:				
Riverside Centroplex Fund:				
Centroplex expansion project	26,849,412	14,556,552	--	14,556,552
Expansion-from Capital Projects Fund	18,072,111	9,416,679	--	9,416,679
Miscellaneous building improvements	4,820	2,066	--	2,066
Total	<u>44,926,343</u>	<u>23,975,297</u>	<u>--</u>	<u>23,975,297</u>
Greater Baton Rouge Parking Authority:				
Construction of arts block parking garage	<u>2,500,000</u>	<u>75,302</u>	<u>--</u>	<u>75,302</u>
Total non-major business-type activities	<u>47,426,343</u>	<u>24,050,599</u>	<u>--</u>	<u>24,050,599</u>
Total-all enterprise funds	<u><u>\$228,762,058</u></u>	<u><u>\$52,425,551</u></u>	<u><u>\$17,321,377</u></u>	<u><u>\$35,104,174</u></u>

Total construction period interest costs of \$223,155 were capitalized in 2003 in the Comprehensive Sewerage System Fund. Construction period interest costs of \$1,640,856 from the current and previous fiscal years remain in Construction Work in Progress at December 31, 2003.

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 6 - Changes in Capital Assets (Continued)

d. Construction work in progress at December 31, 2003, for primary government enterprise funds (Continued):

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

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balance End of Year</u>
<u>District Attorney of the</u>				
<u>Nineteenth Judicial District</u>				
Equipment	\$ 1,447,058	\$ 60,830	\$ (37,294)	\$ 1,470,594
Less: accumulated depreciation	<u>(1,057,042)</u>			<u>(1,186,829)</u>
Total District Attorney of the Nineteenth Judicial District	<u>\$ 390,016</u>			<u>\$ 283,765</u>
<u>Nineteenth Judicial District Court</u>				
Equipment	\$ 824,218	\$ 174,730	\$(143,880)	\$ 855,068
Less: accumulated depreciation	<u>(685,753)</u>			<u>(588,862)</u>
Total Nineteenth Judicial District Court	<u>\$ 138,465</u>			<u>\$ 266,206</u>
<u>E.B.R. Parish Family Court</u>				
Equipment	\$ 272,254	\$ 14,166	\$ --	\$ 286,420
Less: accumulated depreciation	<u>(214,786)</u>			<u>(238,608)</u>
Total E.B.R. Parish Family Court	<u>\$ 57,468</u>			<u>\$ 47,812</u>
<u>E.B.R. Parish Juvenile Court</u>				
Equipment	\$ 351,073	\$ 21,870	\$ (3,576)	\$ 369,367
Less: accumulated depreciation	<u>(271,052)</u>			<u>(298,216)</u>
Total E.B.R. Parish Juvenile Court	<u>\$ 80,021</u>			<u>\$ 71,151</u>
<u>Nineteenth Judicial District</u>				
<u>Indigent Defender Board</u>				
Equipment	\$ 120,859	\$ 15,244	\$ --	\$ 136,103
Less: accumulated depreciation	<u>(82,850)</u>			<u>(89,601)</u>
Total Nineteenth Judicial District Indigent Defender Board	<u>\$ 38,009</u>			<u>\$ 46,502</u>
<u>E.B.R. Parish Clerk of Court</u>				
Equipment	\$ 2,723,896	\$2,428,822	\$(185,961)	\$ 4,966,757
Less: accumulated depreciation	<u>(2,421,066)</u>			<u>(2,352,838)</u>
Total E.B.R. Parish Clerk of Court	<u>\$ 302,830</u>			<u>\$ 2,613,919</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 6 - Changes in Capital Assets (Continued)

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balance End of Year</u>
<u>E.B.R. Parish Coroner</u>				
Equipment	\$ 131,297	\$ 8,454	\$ --	\$ 139,751
Less: accumulated depreciation	<u>(73,588)</u>			<u>(89,243)</u>
Total E.B.R. Parish Coroner	<u>\$ 57,709</u>			<u>\$ 50,508</u>
<u>St. George Fire Protection District</u>				
Land	\$ 289,531	\$ --	\$ --	\$ 289,531
Buildings	1,330,694	--	--	1,330,694
Equipment	3,448,196	150,734	(48,809)	3,550,121
Construction work in progress	<u>25,066</u>	<u>12,892</u>	<u>--</u>	<u>37,958</u>
Total	5,093,487	163,626	(48,809)	5,208,304
Less: accumulated depreciation	<u>(1,976,341)</u>			<u>(2,202,645)</u>
Total St. George Fire Protection District	<u>\$ 3,117,146</u>			<u>\$ 3,005,659</u>
<u>Brownsfield Fire Protection District</u>				
Land	\$ 18,592	\$ --	\$ --	\$ 18,592
Buildings	64,773	23,900	--	88,673
Equipment	228,215	18,000	--	246,215
Equipment under capital leases	<u>48,980</u>	<u>--</u>	<u>--</u>	<u>48,980</u>
Total	360,560	41,900	--	402,460
Less: accumulated depreciation	<u>(194,053)</u>			<u>(245,910)</u>
Total Brownsfield Fire Protection District	<u>\$ 166,507</u>			<u>\$ 156,550</u>
<u>Central Fire Protection District</u>				
Land	\$ 159,018	\$ --	\$ --	\$ 159,018
Buildings	855,124	4,803	--	859,927
Equipment	1,328,694	126,870	(28,364)	1,427,200
Equipment under capital leases	<u>437,604</u>	<u>--</u>	<u>--</u>	<u>437,604</u>
Total	2,780,440	131,673	(28,364)	2,883,749
Less: accumulated depreciation	<u>(1,153,445)</u>			<u>(1,262,473)</u>
Total Central Fire Protection District	<u>\$ 1,626,995</u>			<u>\$ 1,621,276</u>
<u>E.B.R. Parish Fire Protection District No. 6</u>				
Land	\$ 43,000	\$ --	\$ --	\$ 43,000
Buildings	456,930	--	--	456,930
Equipment	648,989	--	(13,420)	635,569
Equipment under capital leases	<u>278,628</u>	<u>255,898</u>	<u>--</u>	<u>534,526</u>
Total	1,427,547	255,898	(13,420)	1,670,025
Less: accumulated depreciation	<u>(681,075)</u>			<u>(751,815)</u>
Total E.B.R. Parish Fire Protection District No. 6	<u>\$ 746,472</u>			<u>\$ 918,210</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 6 - Changes in Capital Assets (Continued)

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balance End of Year</u>
<u>Eastside Fire Protection District</u>				
Land	\$ 151,360	\$ --	\$ --	\$ 151,360
Buildings	1,509,509	--	12,920	1,522,429
Equipment	700,569	28,066	(12,920)	715,715
Equipment under capital leases	<u>440,613</u>	<u>--</u>	<u>--</u>	<u>440,613</u>
Total	2,802,051	28,066	--	2,830,117
Less: accumulated depreciation	<u>(721,908)</u>			<u>(845,438)</u>
Total Eastside Fire Protection District	<u>\$ 2,080,143</u>			<u>\$ 1,984,679</u>
<u>Pride Fire Protection District</u>				
Land	\$ 15,000	\$ --	\$ --	\$ 15,000
Buildings	135,353	--	--	135,353
Equipment	<u>180,146</u>	<u>--</u>	<u>--</u>	<u>180,146</u>
Total	330,499	--	--	330,499
Less: accumulated depreciation	<u>(130,995)</u>			<u>(158,786)</u>
Total Pride Fire Protection District	<u>\$ 199,504</u>			<u>\$ 171,713</u>
<u>Chaneyville Fire Protection District</u>				
Buildings	\$ 109,334	\$ --	\$ --	\$ 109,334
Equipment	<u>204,984</u>	<u>25,000</u>	<u>--</u>	<u>229,984</u>
Total	314,318	25,000	--	339,318
Less: accumulated depreciation	<u>(236,887)</u>			<u>(277,350)</u>
Total Chaneyville Fire Protection District	<u>\$ 77,431</u>			<u>\$ 61,968</u>
<u>Alsen-St. Irma Lee Fire Protection District</u>				
Land	\$ 9,000	\$ --	\$ --	\$ 9,000
Buildings	256,496	--	--	256,496
Equipment	256,039	--	(53,015)	203,024
Equipment under capital lease	<u>256,663</u>	<u>--</u>	<u>--</u>	<u>256,663</u>
Total	778,198	--	(53,015)	725,183
Less: accumulated depreciation	<u>(355,865)</u>			<u>(336,077)</u>
Total Alsen-St. Irma Lee Fire Protection District	<u>\$ 422,333</u>			<u>\$ 389,106</u>
<u>Capital Region Planning Commission</u>				
Equipment	\$ 326,872	\$ 30,510	\$ --	\$ 357,382
Less: accumulated depreciation	<u>(273,698)</u>			<u>(299,802)</u>
Total Capital Region Planning Commission	<u>\$ 53,174</u>			<u>\$ 57,580</u>
<u>Capital Transportation Corporation</u>				
Equipment	\$ 10,914,316	\$1,698,192	\$(516,901)	\$ 12,095,607
Less: accumulated depreciation	<u>(7,049,280)</u>			<u>(7,551,191)</u>
Total Capital Transportation Corporation	<u>\$ 3,865,036</u>			<u>\$ 4,544,416</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 6 - Changes in Capital Assets (Continued)

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balance End of Year</u>
Total component units capital assets	\$ 30,998,943	<u>\$5,098,981</u>	<u>\$(1,031,220)</u>	\$ 35,066,704
Less: total accumulated depreciation	<u>(17,579,684)</u>			<u>(18,775,684)</u>
Total component units capital assets, net	<u>\$ 13,419,259</u>			<u>\$ 16,291,020</u>

NOTE 7 - Employees' Retirement Systems

a. Primary Government

1. Plan Description and Provisions

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

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

*Related Organization under GASB 14

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

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

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 7 - Employees' Retirement Systems (Continued)

a. Primary Government (Continued)

1. Plan Description and Provisions (Continued)

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

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

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

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

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

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

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 7 - Employees' Retirement Systems (Continued)

a. Primary Government (Continued)

3. Concentrations of Investments

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

4. Funding Policy

The Plan of Government requires that the Retirement System be funded on an actuarially sound basis. Under the current plan, both employee and employer contributions are made to properly fund the system. In 2003, employees made a mandatory contribution of 8% of gross earnings. The employer contribution rate during the 2003 fiscal year was 9.37% of active payroll for the General Fund and 16.66% of active payroll for all special funds and outside employers.

5. Annual Pension Cost and Net Pension Obligation for Regular Employees' Trust

The following information regarding the Retirement System's net pension obligation is based on the December 31, 2003, actuarial valuation:

Annual required contribution	\$18,479,710
Interest on net pension obligation	940,897
Adjustment to annual required contribution	<u>(898,246)</u>
Annual pension cost	18,522,361
Contributions made	<u>14,067,801</u>
Increase (decrease) in net pension obligation	4,454,560
Net pension obligation beginning of year	<u>11,761,210</u>
Net pension obligation end of year	16,215,770
Less: Net pension obligation for related organization	<u>(1,308,009)</u>
Net pension obligation - Primary Government and Component Units	<u>\$14,907,761</u>

The annual required contribution for the current year was determined as part of the December 31, 2003, actuarial valuation using the Entry Age Normal Actuarial Cost Method with Unfunded Actuarial Accrued Liability. This method compares the theoretical reserve for service prior to the valuation date to plan assets. With this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over both the earnings and service of the individual between entry age (date of membership in the system) and assumed exit age.

Significant actuarial assumptions used in the valuation include: (1) a rate of return on the investment of present and future assets of 8.0% per year, compounded annually; (2) projected salary increases of 4.0% per year compounded annually, attributable to inflation; (3) additional projected salary increases based on years of service and age attributable to seniority and merit; (4) no post-retirement benefit increases. The actuarial value of assets was determined using the Expected Value Method. This asset valuation method involves the determination of expected value, based on the actuarial asset value at the beginning of the previous year. The difference between the expected value and the market value for total (unrealized and realized) investment gains/losses is then reflected at the rate of 20% per year for each of the subsequent five years. This technique smooths the volatility of market value for investments.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 7 - Employees' Retirement Systems (Continued)

a. Primary Government (Continued)

5. Annual Pension Cost and Net Pension Obligation for Regular Employees' Trust (Continued)

The initial Unfunded Actuarial Accrued Liability (UAAL) will be amortized over 30 years (closed amortization period) as a level percentage of payroll, assuming payroll increases of 4% per year during the first 15 years of the amortization period and 0% per year during the remaining 15 years. Each change in UAAL will be amortized over the greater of 20 years or the remaining amortization period for the initial UAAL, as a level percent of payroll assuming payroll increases 0% per year during the final 15 years of the amortization period and 4% per year for all years prior to the final 15 years. The remaining amortization period at December 31, 2003, is 21 years.

Three-Year Trend Information for the Retirement System

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/03	\$18,522,361	76.0%	\$16,215,770
12/31/02	16,159,022	73.4	11,761,210
12/31/01	13,751,022	79.3	7,457,507

6. Police Guarantee Trust

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

The December 31, 2003, actuarial valuation was conducted using the Aggregate Actuarial Cost Method, which does not identify or separately amortize unfunded actuarial liabilities. Under this method the excess actuarial present value of projected benefits of the group included in an actuarial valuation over the actuarial value of assets is allocated on a level basis over the earnings or service of the group between the valuation date and assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations. That portion of the actuarial present value allocated to a valuation year is called normal cost. The actuarial accrued liability is equal to the actuarial value of assets. The December 31, 2003, actuarial valuation concluded the trust had an actuarial loss of \$907,125, which will increase future normal costs by \$127,781. The allocation was based on earnings of the group. Significant actuarial assumptions include: (1) an investment return of 8% compounded annually on plan assets and (2) salary increases of 4% compounded annually due to inflation, longevity and merit increases. For the year ended December 31, 2003, the City-Parish made contributions of \$76,982 to the trust, equal to the annual required contribution. The City-Parish had no net pension obligation with respect to the Police Guarantee Trust under GASB Statement No. 27 at December 31, 2003.

7. Municipal Police Employees' Retirement System (MPERS)

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 7 - Employees' Retirement Systems (Continued)

a. Primary Government (Continued)

7. Municipal Police Employees' Retirement System (MPERS) (Continued)

established by state statutes and may be amended at the discretion of the State Legislature. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Board of Trustees of the Municipal Police Employees' Retirement System, 8550 United Plaza Blvd., Suite 501, Baton Rouge, Louisiana 70809-0200.

Funding Policy

Contributions for all members and employers are established by state statute and may be amended by state statute when necessary. During 2003, Plan members contributed 7.5% of earned compensation while employers contributed 9% from January through June, and 15.25% from July through December. Earned compensation in the MPERS system excludes certain overtime, but includes state supplemental pay. The City-Parish's contributions to MPERS for the years ended December 31, 2003, 2002, and 2001, were \$3,175,100, \$2,290,190, and \$2,273,924, respectively. This was equal to the statutorily required contributions. The City-Parish had no net pension obligation with respect to MPERS under GASB Statement No. 27 at December 31, 2003.

b. Component Units

1. Capital Transportation Corporation Pension Plan

a. Plan Description

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

Capital Transportation Corporation
Dwight Brashear, General Manager
2250 Florida Boulevard
Baton Rouge, LA 70802

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

b. Summary of Significant Accounting Policies

Basis of Accounting

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

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

EXHIBIT A - 15
(Continued)

NOTE 7 - Employees' Retirement Systems (Continued)

b. Component Units (Continued)

1. Capital Transportation Corporation Pension Plan (Continued)

b. Summary of Significant Accounting Policies (Continued)

Method Used to Value Investments

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

The Corporation's annual pension cost and net pension asset for the year ended December 31, 2003, was as follows:

Annual required contribution	\$220,276
Interest on net pension asset	(58,492)
Adjustment to annual required contribution	<u>85,108</u>
Annual pension cost	246,892
Contributions made	<u>350,140</u>
Increase (decrease) in net pension asset	103,248
Net pension asset beginning of year	<u>835,603</u>
Net pension asset end of year	<u>\$938,851</u>

**Trend Information for the Capital Transportation Corporation's
Pension Trust Fund**

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Asset</u>
12/31/03	\$246,892	141.8%	\$938,851
12/31/02	236,793	143.6	835,603
12/31/01	118,237	251.8	732,450

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

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

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

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

EXHIBIT A - 15
(Continued)

NOTE 7 - Employees' Retirement Systems (Continued)

b. Component Units (Continued)

2. District Attorney of the Nineteenth Judicial District Defined-Benefit Pension Plans (Continued)

Plan members are required to contribute 7.0% of their annual covered salary and the district attorney is required to contribute at an actuarially determined rate. Member contributions and employer contributions for the LDARS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. There were no employer contributions required for 2003, 2002 or 2001.

Certain other employees, whose salaries are paid by the Office of the District Attorney, are members of the City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System. The District Attorney's contributions for the year ended December 31, 2003, 2002, and 2001 were \$245,060, \$229,051, and \$208,622, respectively. Additional information on this system is included in Note 7(a)(1) above.

Trend Information for the District Attorney of the Nineteenth Judicial District Defined-Benefit Pension Plan for Members Enrolled in the City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/03	\$334,867	73.2%	\$308,355
12/31/02	325,278	70.4	218,548
12/31/01	278,199	76.1	122,320

3. Nineteenth Judicial District Court Pension Plans

Louisiana State Employees' Retirement System

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

Plan members are required by state statute to contribute 7.5% of gross salary to which the Commissioners' office adds 13.0% employer's match. The Commissioners' offices' statutory and actual contributions for the year ending June 30, 2003, 2002, and 2001 were \$42,996, \$23,221, and \$23,095, respectively.

Louisiana Clerk of Court Retirement and Relief Fund

Other court employees, whose salaries are expenditures of the Judicial Expense Fund are members of the Louisiana Clerk of Court Retirement and Relief Fund. See section b(5) of this note for disclosure on this multiple-employer cost-sharing PERS.

The Nineteenth Judicial District Court's contributions to the system for the years ended June 30, 2003, 2002 and 2001, were \$30,988, \$34,784, and \$50,203, respectively, which was equal to the required contributions for each year.

NOTE 7 - Employees' Retirement Systems (Continued)

b. Component Units (Continued)

4. Nineteenth Judicial District Indigent Defender Board Pension Plan

The Board contracted with A.G. Edwards in 1992 for a pension plan that paid 7.7% of the employees salary into a fully vested fund for each employee. This is a defined contribution plan and each employee will receive the amount in his individual fund at retirement. The Board pays all of the 7.7% contribution. There is no unfunded portion at December 31, 2003. Contributions during 2003, which were 100% funded, were \$104,236.

5. East Baton Rouge Parish Clerk of Court Pension Plan

Substantially all employees participate in the Louisiana Clerk of Courts Retirement and Relief Fund ("Fund"), a multiple-employer (cost-sharing), defined-benefit public employee retirement system (PERS), controlled and administered by a separate Board of Trustees. Plan members are required by state statute to contribute 8.25% of their annual covered salary and the E.B.R. Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 10% of covered payroll. Contributions also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. Contribution requirements of both members and employers are established and amended by state statute. The E.B.R. Clerk of Court's contributions to the system for the years ending June 30, 2003, 2002, and 2001, were \$534,141, \$498,839, and \$441,897, respectively. These contributions were equivalent to the required contributions for each fiscal year.

Effective July 1, 1999, the East Baton Rouge Parish Clerk of Court could elect to pay all or a portion of the 8.25% employee retirement contribution which would otherwise be deducted from the employees' salary. This election can be changed annually by the Clerk. The East Baton Rouge Parish Clerk of Court elected to implement this policy for the years ended June 30, 2003, 2002, and 2001. The contributions to the System under this election were \$429,793, \$403,648 and \$359,650, respectively.

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

NOTE 8 - Postemployment Benefits

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

a. Health and Dental Benefits

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

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 8 - Postemployment Benefits (Continued)

a. Health and Dental Benefits (Continued)

During 2003, the government recognized expenditures for postretirement health and dental benefits as follows:

	<u>Average Number of Participants</u>	<u>Amount</u>
Health	1,732	\$7,424,882
Dental	1,479	445,058

b. Life Insurance Benefits

In accordance with City Resolution 5942 and Parish Resolution 12478 adopted by the respective councils on April 14, 1976, all City-Parish employees who retired after May 1, 1976, have \$3,000 of term life insurance coverage. As of December 31, 2003, approximately 1,713 retirees had the \$3,000 coverage with Prudential Life Insurance Company.

The cost of this insurance is paid by the City-Parish through an actuarially determined monthly assessment of 70 cents per active employee. The premium is paid into an Insurance Continuance Fund Account. At December 31, 2003, the balance in the Insurance Continuance Account was \$34,633.

NOTE 9 - Risk Management

a. Types of Risk

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

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

b. Accounting for Risk

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

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

There were no major changes in outside insurance coverage for the year ended December 31, 2003.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 9 - Risk Management (Continued)

c. Contingent Liabilities - Claims and Judgments

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

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

An amount of \$27,065,923 has been recorded as a long-term obligation on the Government-wide Statement of Net Assets for estimated claims and judgments for risk management purposes. Incremental claim costs as required by GASB Statement No. 30, account for approximately 2% of that total. Subject to the aforementioned policy, it is the government's practice to pay claims and judgments against the City-Parish from available financial resources of the General Fund.

d. Employee Benefits

The City-Parish is self-insured and maintains a premium plan for the group health and dental programs, providing medical and dental coverage to those City-Parish employees who choose to participate. During 2003, the minimum premium plan was funded with employees and retirees contributing 25%-38% of the premium and the City-Parish contributing 62%-75% of the premium, dependent upon the number of family members covered. The government's share of the health and dental premium in the self-insured program is charged to individual budget accounts. Claims paid by the government in excess of the premium base for any given year are covered 100% by the General Fund. Any surplus of premiums over claims within a single fiscal year are recognized as "transfers in" to the General Fund and increase Fund Balance Designated for Insurance.

The value of self-insured claims incurred but not reported or paid as of December 31, 2003, for group health and dental are estimated by the government's third party health care provider as follows:

Self-funded medical	\$2,928,274
Self-funded dental	<u>224,014</u>
Total estimate	<u>\$3,152,288</u>

This amount has been included in the Government-wide Statement of Net Assets for December 31, 2003.

e. Changes in Liabilities for Claims

The following is a reconciliation of changes in long-term claims payable for the years ended December 31, 2003, 2002, and 2001:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>Claims and judgments payable:</u>			
Beginning balance	\$26,438,012	\$ 33,630,692	\$ 30,491,378
Additions:			
Claims incurred and new estimates	6,180,271	10,570,455	17,214,780
Deductions:			
Claims paid	(6,248,739)	(5,505,046)	(3,232,943)
Claims dismissed and changes in estimates	<u>696,379</u>	<u>(12,258,089)</u>	<u>(10,842,523)</u>
Ending balance	<u>\$27,065,923</u>	<u>\$ 26,438,012</u>	<u>\$ 33,630,692</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 9 - Risk Management (Continued)

e. Changes in Liabilities for Claims (Continued):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>Employee benefits payable:</u>			
Beginning balance	\$ 4,960,358	\$ 4,739,535	\$ 4,082,211
Additions:			
Claims incurred	35,434,473	38,979,492	34,425,489
Deductions:			
Claims paid	<u>(37,242,543)</u>	<u>(38,758,669)</u>	<u>(33,768,165)</u>
Ending balance	<u>\$ 3,152,288</u>	<u>\$ 4,960,358</u>	<u>\$ 4,739,535</u>

f. Insurance Designation

The City-Parish maintains a practice of designating a portion of General Fund fund balance for self-insurance purposes. The amount designated for insurance at December 31, 2003, was determined as follows:

Insurance Designation, January 1, 2003	\$19,800,975
Less: Appropriations from Insurance Designation for risk management purposes	(2,294,077)
Plus: Increase in designation as a result of health and dental premiums exceeding current year claims	5,683,198
Plus: Additional amount designated for insurance by authority of the Budget Ordinance	1,647,411
Interest earned on designated funds during 2003	<u>278,609</u>
Insurance Designation, December 31, 2003	<u>\$25,116,116</u>

NOTE 10 - Long-Term Debt

a. Primary Government

1. Summary of Changes in Long-Term Debt

Following is a summary of changes in long-term debt for the primary government for year 2003:

	<u>Balance</u> <u>1/1/03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/03</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Excess revenue contracts, loans and notes	\$ 77,838,500	\$ --	\$ 4,368,945	\$ 73,469,555	\$ 1,831,000
Deferred gain on refunding	952,453	--	35,276	917,177	--
Revenue bonds payable, gross	128,200,000	--	9,715,000	118,485,000	10,375,000
Less: Intragovernment payable	(52,553,416)	--	(5,556,216)	(46,997,200)	(6,001,153)
Compensated absences payable	10,597,793	7,257,072	4,615,152	13,239,713	9,017,797
Obligation under capital leases (Note 10)	141,109	132,071	165,564	107,616	48,780
Claims and judgments payable (Note 9)	26,438,012	6,180,271	5,552,360	27,065,923	1,961,749
Employee benefits payable (Note 9)	4,960,358	35,434,473	37,242,543	3,152,288	3,152,288
Arbitrage payable for governmental fund types (Note 10)	7,399	--	7,399	--	--
Net pension obligation (Note 7)	<u>8,478,507</u>	<u>3,054,378</u>	<u>--</u>	<u>11,532,885</u>	<u>--</u>
Total governmental activities	<u>\$205,060,715</u>	<u>\$ 52,058,265</u>	<u>\$ 56,146,023</u>	<u>\$200,972,957</u>	<u>\$20,385,461</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued):

1. Summary of Changes in Long-Term Debt (Continued)

	<u>Balance</u> <u>1/1/03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/03</u>	<u>Due Within</u> <u>One Year</u>
<u>Business-Type Activities:</u>					
Excess revenue contracts, loans and notes	\$ 4,896,505	\$ 1,983,997	\$ 85,500	\$ 6,795,002	\$ 126,200
Revenue bonds payable	250,030,000	112,720,000	116,505,000	246,245,000	8,740,000
Net deferred amount on refunding and premiums	(2,103,188)	(96,942)	(297,142)	(1,902,988)	--
Revenue bonds payable from City issues	52,553,416	--	5,556,216	46,997,200	6,001,153
Landfill closure and postclosure care liability (Note 17)	9,859,860	1,197,691	--	11,057,551	--
Compensated absences payable	974,382	354,896	271,223	1,058,055	1,058,055
Net pension obligation (Note 7)	1,798,210	606,448	--	2,404,658	--
Total business-type activities	<u>\$318,009,185</u>	<u>\$116,766,090</u>	<u>\$122,120,797</u>	<u>\$312,654,478</u>	<u>\$15,925,408</u>

Internal service funds serve predominantly the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$176,132 of compensated absences and \$262,911 of net pension obligation for internal service funds are included in the above amounts. Also, for the governmental activities, compensated absences, obligation under capital leases, arbitrage payable, and net pension obligation are liquidated by the governmental fund in which the liability is incurred. Claims and judgments payable and employee benefits payable are liquidated by the General Fund.

2. Schedule of Bonds Payable

The following is a schedule of bonds payable for the primary government at December 31, 2003:

	<u>Interest</u> <u>Dates</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Original</u> <u>Authorized</u> <u>and Issued</u>	<u>Outstanding</u>
<u>Governmental Activities:</u>					
<u>Excess revenue contracts, loans and notes</u>					
City of Baton Rouge:					
2002A Fixed Rate Taxable Refunding	01/15-07/15	05/17/02	01/15/2029	\$ 25,900,000	\$ 25,035,000
2002B Fixed Rate Taxable Refunding	01/15-07/15	10/01/02	01/15/2029	47,550,000	46,300,000
Parish of East Baton Rouge:					
LA Community Development Authority	Monthly	08/11/99	09/30/2020	<u>7,643,873</u>	<u>2,134,555</u>
Total excess revenue contracts, loans and notes				<u>81,093,873</u>	<u>73,469,555</u>
<u>Revenue bonds</u>					
City of Baton Rouge:					
1993 Public Improvement Sales Tax	02/01-08/01	10/01/93	08/01/2018	4,000,000	3,060,000
1997 Public Improvement Sales Tax	02/01-08/01	10/01/97	08/01/2017	19,325,000	9,410,000
1998A Public Improvement Sales Tax	02/01-08/01	11/01/98	08/01/2016	94,450,000	80,375,000
2001A Public Improvement Sales Tax	02/01-08/01	08/15/01	08/01/2026	23,625,000	22,780,000
Less: debt recorded in business- type activities				(103,245,452)	(46,997,200)
Parish of East Baton Rouge:					
1998C Public Improvement Sales Tax	02/01-08/01	11/01/98	08/01/2008	<u>4,600,000</u>	<u>2,860,000</u>
Total revenue bonds				<u>42,754,548</u>	<u>71,487,800</u>
Total governmental activities				<u>123,848,421</u>	<u>144,957,355</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued)

2. Schedule of Bonds Payable (Continued)

	<u>Interest Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Original Authorized and Issued</u>	<u>Outstanding</u>
Business-Type Activities:					
<u>Excess revenue contracts, loans and notes</u>					
City of Baton Rouge:					
LA Community Development Authority (Airport)	Monthly	10/04/2001	11/30/2029	\$ 6,920,902	\$ 6,795,002
<u>Revenue bonds</u>					
City of Baton Rouge:					
Revenue bonds payable from City issues				103,245,452	46,997,200
Parish of East Baton Rouge:					
Sewer sales tax bonds:					
1993 Public Improvement Sales Tax	02/01-08/01	03/01/93	02/01/2018	30,200,000	--
1993A Public Improvement Sales Tax	02/01-08/01	10/01/93	02/01/2018	70,000,000	--
1995 Public Improvement Sales Tax	02/01-08/01	08/01/95	02/01/2020	36,000,000	1,475,000
1996 Public Improvement Sales Tax	02/01-08/01	03/01/96	02/01/2021	65,000,000	57,805,000
1998B Public Improvement Sales Tax	02/01-08/01	11/01/98	02/01/2016	16,825,000	15,565,000
1999 Public Improvement Sales Tax	02/01-08/01	08/01/99	02/01/2024	43,000,000	38,780,000
2001B Public Improvement Sales Tax	02/01-08/01	08/15/01	02/01/2026	20,000,000	19,900,000
2003A Public Improvement Sales Tax	02/01-08/01	04/01/03	02/01/2020	112,720,000	112,720,000
Greater Baton Rouge Parking Authority:					
1978 Parking Garage	01/01-07/01	01/01/78	07/01/2003	6,875,000	--
Total revenue bonds				<u>503,865,452</u>	<u>293,242,200</u>
Total business-type activities				<u>510,786,354</u>	<u>300,037,202</u>
Total all bonds, contracts, loans and notes				<u>\$634,634,775</u>	<u>\$444,994,557</u>

The City-Parish is in compliance with all legal debt covenants at December 31, 2003.

3. Changes in Bonds Payable

	<u>Outstanding January 1, 2003</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding December 31, 2003</u>
Governmental Activities:				
<u>Excess revenue contracts, loans and notes</u>				
City of Baton Rouge:				
2002A Fixed Rate Taxable Refunding	\$ 25,900,000	\$ --	\$ 865,000	\$ 25,035,000
2002B Fixed Rate Taxable Refunding	47,550,000	--	1,250,000	46,300,000
Parish of East Baton Rouge:				
LA Community Development Authority	<u>4,388,500</u>	--	<u>2,253,945</u>	<u>2,134,555</u>
Total excess revenue contracts, loans and notes	<u>77,838,500</u>	--	<u>4,368,945</u>	<u>73,469,555</u>
<u>Revenue bonds</u>				
City of Baton Rouge:				
1993 Public Improvement Sales Tax	3,190,000	--	130,000	3,060,000
1997 Public Improvement Sales Tax	11,390,000	--	1,980,000	9,410,000
1998A Public Improvement Sales Tax	87,035,000	--	6,660,000	80,375,000
2001A Public Improvement Sales Tax	23,220,000	--	440,000	22,780,000

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued)

3. Changes in Bonds Payable (Continued)

	<u>Outstanding January 1, 2003</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding December 31, 2003</u>
Governmental Activities (Continued):				
Revenue bonds (Continued)				
Less: debt recorded in business-type activities	\$(52,553,416)	\$ --	\$ (5,556,216)	\$(46,997,200)
Parish of East Baton Rouge:				
1998C Public Improvement Sales Tax	<u>3,365,000</u>	<u>--</u>	<u>505,000</u>	<u>2,860,000</u>
Total revenue bonds	<u>75,646,584</u>	<u>--</u>	<u>4,158,784</u>	<u>71,487,800</u>
Total governmental activities	<u>153,485,084</u>	<u>--</u>	<u>8,527,729</u>	<u>144,957,355</u>
Business-Type Activities:				
Excess revenue contracts, loans and notes				
City of Baton Rouge:				
LA Community Development Authority (Airport)	<u>4,896,505</u>	<u>1,983,997</u>	<u>85,500</u>	<u>6,795,002</u>
Revenue bonds				
City of Baton Rouge:				
Revenue bonds payable from City issues	52,553,416	--	5,556,216	46,997,200
Parish of East Baton Rouge:				
Sewer sales tax bonds:				
1993 Public Improvement Sales Tax	24,370,000	--	24,370,000	--
1993A Public Improvement Sales Tax	55,540,000	--	55,540,000	--
1995 Public Improvement Sales Tax	33,690,000	--	32,215,000	1,475,000
1996 Public Improvement Sales Tax	59,725,000	--	1,920,000	57,805,000
1998B Public Improvement Sales Tax	16,440,000	--	875,000	15,565,000
1999 Public Improvement Sales Tax	39,760,000	--	980,000	38,780,000
2001B Public Improvement Sales Tax	19,945,000	--	45,000	19,900,000
2003A Public Improvement Sales Tax	--	112,720,000	--	112,720,000
Greater Baton Rouge Parking Authority:				
1978 Parking Garage	<u>560,000</u>	<u>--</u>	<u>560,000</u>	<u>--</u>
Total revenue bonds	<u>302,583,416</u>	<u>112,720,000</u>	<u>122,061,216</u>	<u>293,242,200</u>
Total business-type activities	<u>307,479,921</u>	<u>114,703,997</u>	<u>122,146,716</u>	<u>300,037,202</u>
Total all bonds, contracts, loans and notes	<u>\$460,965,005</u>	<u>\$114,703,997</u>	<u>\$130,674,445</u>	<u>\$444,994,557</u>

4. Interest Requirements to Maturity

The following is a summary of bonded debt at December 31, 2003, and interest requirements to maturity:

	<u>Debt Payable 12/31/03</u>	<u>Interest Requirements to Maturity</u>	<u>Total</u>
Governmental Activities:			
Excess revenue contracts, loans and notes			
City of Baton Rouge:			
2002A Fixed Rate Taxable Refunding (5.65%)**	\$ 25,035,000	\$ 21,342,426	\$ 46,377,426
2002B Fixed Rate Taxable Refunding (5.73%)**	46,300,000	41,575,253	87,875,253
Parish of East Baton Rouge:			
LA Community Development Authority	<u>2,134,555</u>	<u>142,063</u>	<u>2,276,618</u>
Total excess revenue contracts, loans and notes	<u>73,469,555</u>	<u>63,059,742</u>	<u>136,529,297</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued)

4. Interest Requirements to Maturity (Continued)

	<u>Debt Payable</u> <u>12/31/03</u>	<u>Interest</u> <u>Requirements</u> <u>to Maturity</u>	<u>Total</u>
Governmental Activities (Continued):			
<u>Revenue bonds</u>			
City of Baton Rouge:			
1993 Public Improvement Sales Tax (5.13%)*	\$ 3,060,000	\$ 1,354,620	\$ 4,414,620
1997 Public Improvement Sales Tax (4.79%)*	9,410,000	1,956,387	11,366,387
1998A Public Improvement Sales Tax (4.43%)**	80,375,000	24,219,275	104,594,275
2001A Public Improvement Sales Tax (4.85%)**	22,780,000	15,261,177	38,041,177
Less: Debt recorded in business-type activities	(46,997,200)	(17,614,828)	(64,612,028)
Parish of East Baton Rouge:			
1998C Public Improvement Sales Tax (4.11%)**	<u>2,860,000</u>	<u>362,243</u>	<u>3,222,243</u>
Total revenue bonds	<u>71,487,800</u>	<u>25,538,874</u>	<u>97,026,674</u>
 Total governmental activities	 <u>144,957,355</u>	 <u>88,598,616</u>	 <u>233,555,971</u>
 Business-Type Activities:			
<u>Excess revenue contracts, loans and notes</u>			
City of Baton Rouge:			
LA Community Development Authority (Airport)	<u>6,795,002</u>	<u>2,537,355</u>	<u>9,332,357</u>
<u>Revenue bonds</u>			
City of Baton Rouge:			
Revenue bonds payable from City issues	46,997,200	17,614,828	64,612,028
Parish of East Baton Rouge:			
Sewer sales tax bonds:			
1995 Public Improvement Sales Tax (5.97%)*	1,475,000	120,600	1,595,600
1996 Public Improvement Sales Tax (5.66%)*	57,805,000	31,565,304	89,370,304
1998B Public Improvement Sales Tax (4.66%)**	15,565,000	5,367,050	20,932,050
1999 Public Improvement Sales Tax (5.69%)**	38,780,000	27,996,528	66,776,528
2001B Public Improvement Sales Tax (5.02%)**	19,900,000	16,548,990	36,448,990
2003A Public Improvement Sales Tax (4.04%)**	<u>112,720,000</u>	<u>49,251,525</u>	<u>161,971,525</u>
Total revenue bonds	<u>293,242,200</u>	<u>148,464,825</u>	<u>441,707,025</u>
 Total business-type activities	 <u>300,037,202</u>	 <u>151,002,180</u>	 <u>451,039,382</u>
 Total all bonds, contracts, loans and notes	 <u>\$444,994,557</u>	 <u>\$239,600,796</u>	 <u>\$684,595,353</u>

* Net interest cost (NIC)

** True interest cost (TIC)

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued)

5. Debt Service Requirements to Maturity

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

Governmental Activities:

<u>Year</u>	<u>Excess Revenue Contracts, Loans and Notes</u>			<u>Revenue Bonds</u>			<u>Total Governmental Activities</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2004	\$ 1,831,000	\$ 3,784,562	\$ 5,615,562	\$ 4,373,847	\$ 2,341,744	\$ 6,715,591	\$ 12,331,153
2005	1,879,000	3,742,558	5,621,558	4,913,466	2,331,203	7,244,669	12,866,227
2006	1,935,000	3,692,319	5,627,319	5,615,603	2,191,198	7,806,801	13,434,120
2007	2,011,500	3,632,718	5,644,218	5,716,214	2,032,335	7,748,549	13,392,767
2008	2,093,500	3,563,925	5,657,425	4,732,249	1,888,889	6,621,138	12,278,563
2009-2013	9,954,555	16,562,415	26,516,970	24,009,339	8,700,537	32,709,876	59,226,846
2014-2018	12,375,000	13,749,366	26,124,366	12,906,248	3,864,605	16,770,853	42,895,219
2019-2023	16,090,000	9,821,008	25,911,008	5,325,834	1,791,363	7,117,197	33,028,205
2024-2028	21,590,000	4,402,248	25,992,248	3,895,000	397,000	4,292,000	30,284,248
2029	<u>3,710,000</u>	<u>108,623</u>	<u>3,818,623</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,818,623</u>
Total	<u>\$73,469,555</u>	<u>\$63,059,742</u>	<u>\$136,529,297</u>	<u>\$71,487,800</u>	<u>\$25,538,874</u>	<u>\$97,026,674</u>	<u>\$233,555,971</u>

Business-Type Activities:

<u>Year</u>	<u>Excess Revenue Contracts, Loans and Notes</u>			<u>Revenue Bonds</u>			<u>Total Business-Type Activities</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2004	\$ 126,200	\$ 158,752	\$ 284,952	\$ 14,741,153	\$ 15,842,070	\$ 30,583,223	\$ 30,868,175
2005	132,500	155,714	288,214	15,361,534	14,892,162	30,253,696	30,541,910
2006	140,700	152,500	293,200	14,689,397	13,936,945	28,626,342	28,919,542
2007	148,100	149,112	297,212	15,648,786	13,046,623	28,695,409	28,992,621
2008	156,400	145,525	301,925	16,517,751	12,137,202	28,654,953	28,956,878
2009-2013	916,300	666,832	1,583,132	80,290,661	45,755,839	126,046,500	127,629,632
2014-2018	1,189,800	543,821	1,733,621	82,358,752	25,238,850	107,597,602	109,331,223
2019-2023	1,546,000	383,893	1,929,893	45,094,166	7,164,009	52,258,175	54,188,068
2024-2028	2,009,200	176,099	2,185,299	8,540,000	451,125	8,991,125	11,176,424
2029	<u>429,802</u>	<u>5,107</u>	<u>434,909</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>434,909</u>
Total	<u>\$6,795,002</u>	<u>\$2,537,355</u>	<u>\$9,332,357</u>	<u>\$293,242,200</u>	<u>\$148,464,825</u>	<u>\$441,707,025</u>	<u>\$451,039,382</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued)

6. Future Year Obligations

Principal and interest requirements of various bond issues for the year 2004 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
Governmental Activities:			
<u>Excess revenue contracts, loans and notes</u>			
City of Baton Rouge:			
2002A Fixed Rate Taxable Refunding	\$ 565,000	\$ 1,296,954	\$ 1,861,954
2002B Fixed Rate Taxable Refunding	935,000	2,444,311	3,379,311
Parish of East Baton Rouge:			
LA Community Development Authority	<u>331,000</u>	<u>43,297</u>	<u>374,297</u>
Total excess revenue contracts, loans and notes	<u>1,831,000</u>	<u>3,784,562</u>	<u>5,615,562</u>
 <u>Revenue bonds</u>			
City of Baton Rouge:			
1993 Public Improvement Sales Tax	140,000	150,205	290,205
1997 Public Improvement Sales Tax	2,100,000	431,425	2,531,425
1998A Public Improvement Sales Tax	7,135,000	4,108,050	11,243,050
2001A Public Improvement Sales Tax	475,000	1,122,623	1,597,623
Less: Debt recorded in business-type activities	(6,001,153)	(3,587,081)	(9,588,234)
Parish of East Baton Rouge:			
1998C Public Improvement Sales Tax	<u>525,000</u>	<u>116,522</u>	<u>641,522</u>
Total revenue bonds	<u>4,373,847</u>	<u>2,341,744</u>	<u>6,715,591</u>
Total governmental activities	<u>6,204,847</u>	<u>6,126,306</u>	<u>12,331,153</u>
 Business-Type Activities:			
<u>Excess revenue contracts, loans and notes</u>			
City of Baton Rouge:			
LA Community Development Authority (Airport)	<u>126,200</u>	<u>158,752</u>	<u>284,952</u>
 <u>Revenue bonds</u>			
City of Baton Rouge			
Plus: Revenue bonds payable from City issues	6,001,153	3,587,081	9,588,234
Parish of East Baton Rouge:			
Sewer sales tax bonds:			
1995 Public Improvement Sales Tax	705,000	89,800	794,800
1996 Public Improvement Sales Tax	2,090,000	3,212,227	5,302,227
1998B Public Improvement Sales Tax	930,000	702,200	1,632,200
1999 Public Improvement Sales Tax	1,040,000	2,185,772	3,225,772
2001B Public Improvement Sales Tax	45,000	1,003,390	1,048,390
2003A Public Improvement Sales Tax	<u>3,930,000</u>	<u>5,061,600</u>	<u>8,991,600</u>
Total revenue bonds	<u>14,741,153</u>	<u>15,842,070</u>	<u>30,583,223</u>
Total business-type activities	<u>14,867,353</u>	<u>16,000,822</u>	<u>30,868,175</u>
Total all bonds, contracts, loans and notes	<u>\$21,072,200</u>	<u>\$22,127,128</u>	<u>\$43,199,328</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued)

7. Legal Debt Margin - General Obligation Bonds

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

Governing Authority: City of Baton Rouge

<u>Ad valorem taxes:</u>	
Assessed valuation, 2003 tax rolls	<u>\$1,204,843,075</u>
Debt limit: 10% of assessed valuation (for any one purpose)	\$ 120,484,308
Debt limit: 15% of assessed valuation (for sewerage purposes)	180,726,461
Debt limit: 35% of assessed valuation (aggregate, all purposes)	421,695,076

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

Governing Authority: Parish of East Baton Rouge

<u>Ad valorem taxes:</u>	
Assessed valuation, 2003 tax rolls	<u>\$2,669,273,996</u>
Debt limit: 10% of assessed valuation (for any one purpose)	\$ 266,927,400
Debt limit: 15% of assessed valuation (for sewerage purposes)	400,391,099

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

Governing Authority: East Baton Rouge Sewerage Commission

<u>Ad valorem taxes:</u>	
Assessed valuation, 2003 tax rolls	<u>\$2,669,273,996</u>
Debt limit: 15% of assessed valuation (for sewerage purposes)	\$ 400,391,099

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

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

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued)

8. 2% Sales Tax Revenue Bonds

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

Act No. 328 of the 1988 Regular Session of the Louisiana Legislature, House Bill No. 1599, Section 8(a) imposes a limit on the debt service obligations that can be outstanding of 40% of the gross avails of the sales and use tax for both the city and the parish 2% sales and use tax. The legal debt calculation as of December 31, 2003, is as follows:

	City	Parish
Actual 2003 Revenues	<u>\$ 77,647,297</u>	<u>\$ 52,216,998</u>
Debt Capacity Before Outstanding Bonds (40%)	31,058,919	20,886,799
Highest Annual Debt Service on Outstanding Bonds	<u>14,121,483</u>	<u>648,723</u>
Debt Capacity	\$ 16,937,436	\$ 20,238,076
Interest factor for \$1 of debt, 6%, 25 years	0.078226718	0.078226718
Additional Bond Capacity (25 Years at 6%)	<u>\$216,517,277</u>	<u>\$258,710,534</u>

These bonds are paid through the City Sales Tax Bonds Debt Service Fund and the Parish Sales Tax Bonds Debt Service Fund. Sinking fund payments are made monthly with bond interest and/or principal payments due February 1 and August 1 of each year. As of December 31, 2003, the following issues are outstanding:

<u>Bond Issue</u>	<u>Outstanding 12/31/2003</u>	<u>Primary Purpose of Issue</u>
City of Baton Rouge:		
\$ 4,000,000; Series 1993	\$ 3,060,000	Improvements to public buildings and facilities
\$19,325,000; Series 1997	9,410,000	Airport terminal development program and landfill improvements
\$94,450,000; Series 1998A	80,375,000	Advance refunding parity bond issues and improvements to public buildings
\$23,625,000; Series 2001A	<u>22,780,000</u>	Fund local match for the Centroplex expansion project, refund PFC note
Total	<u>\$115,625,000</u>	
Parish of East Baton Rouge:		
\$4,600,000; Series 1998C	<u>\$ 2,860,000</u>	Advance refunding parity bond issues and improvements to public buildings

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

9. 1/2% Sewer Sales Tax Revenue Bonds

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

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued)

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

Louisiana Revised Statute 39:698.5 requires that the maturities of the bonds shall be so arranged that the total amount of principal and interest falling due in any year, together with principal and interest falling due in any year on all parity bonds theretofore issued, and then outstanding, shall never exceed 75% of the amount of sales tax revenues estimated by the governing authority to be received by it in the calendar year in which bonds are issued. The legal debt calculation as of December 31, 2003, is as follows:

Anticipated revenues based on 2004 annual operating budget	\$30,928,560
Debt Capacity Before Outstanding Bonds (75%)	23,196,420
Highest Annual Debt Service on Outstanding Bonds	<u>21,327,218</u>
Debt Capacity	\$ 1,869,202
Interest factor for \$1 of debt, 6%, 25 year	0.078226718
Additional Bond Capacity (25 Years at 6%)	<u>\$23,894,674</u>

These bonds are accounted for in the Comprehensive Sewerage System Enterprise Fund. Sinking fund payments are made *monthly with bond interest and/or principal payments due February 1 and August 1 of each year. As of December 31, 2003, the following issues are outstanding:*

<u>Bond Issue</u>	<u>Outstanding 12/31/2003</u>	<u>Primary Purpose of Issue</u>
Parish of East Baton Rouge:		
Sewer Sales Tax Bonds:		
\$36,000,000; Series ST-1995	\$ 1,475,000	Sewerage Capital Improvements Program
\$65,000,000; Series ST-1996	57,805,000	Advance Refunding Parity Bond Issues
\$16,825,000; Series 1998B	15,565,000	Advance Refunding Parity Bond Issues
\$43,000,000; Series 1999	38,780,000	Sewerage Capital Improvements Program
\$20,000,000; Series 2001B	19,900,000	Sewerage Capital Improvements Program
\$112,720,000; Series 2003A	<u>112,720,000</u>	Advance Refunding Parity Bonds and Sewer Construction
Total	<u>\$246,245,000</u>	

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

10. Obligations of Intragovernmental Agencies

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

a. Greater Baton Rouge Airport District - 1980 Obligation

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued)

10. Obligations of Intragovernmental Agencies (Continued)

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

Payments to the City by the Airport District are recorded as miscellaneous revenues in the General Fund. Improvements constructed with the bond proceeds are recorded as assets and as a long-term obligation of the Airport District. Total principal paid prior to 2003 was \$8,357,339. In 2003, a principal payment of \$907,672 reduced the obligation payable to \$2,034,989. Scheduled maturities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 979,015	\$121,474	\$1,100,489
2005	<u>1,055,974</u>	<u>41,499</u>	<u>1,097,473</u>
Total	<u>\$2,034,989</u>	<u>\$162,973</u>	<u>\$2,197,962</u>

b. Greater Baton Rouge Airport District - 1997 Obligations

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

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

Payments on the Rates and Charges obligation (\$7,297,000) to the City by the Airport District are recorded as miscellaneous revenues in the General Fund and as a long-term obligation of the Airport District. Total principal paid prior to 2003 was \$4,483,750. In 2003, a principal payment of \$1,042,417 reduced the obligation payable to \$1,770,833. Scheduled maturities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$1,104,667	\$ 79,373	\$1,184,040
2005	<u>666,166</u>	<u>29,978</u>	<u>696,144</u>
Total	<u>\$1,770,833</u>	<u>\$109,351</u>	<u>\$1,880,184</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued)

10. Obligations of Intragovernmental Agencies (Continued)

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

The Greater Baton Rouge Airport District is obligated under the Second Amended Intergovernmental Contract dated August 1, 2001, and the Passenger Facility Charge Note of \$5,400,000 to make semi-annual payments to the City General Fund over a twenty-year period. Total principal paid prior to 2003 was \$181,250. In 2003, a principal payment of \$139,167 reduced the obligation payable to \$5,079,583. Scheduled maturities and interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 151,250	\$ 247,347	\$ 398,597
2005	164,166	235,247	399,413
2006	176,250	222,113	398,363
2007	191,250	209,748	400,998
2008	206,250	200,209	406,459
2009 and after	<u>4,190,417</u>	<u>1,498,456</u>	<u>5,688,873</u>
Total	<u>\$5,079,583</u>	<u>\$2,613,120</u>	<u>\$7,692,703</u>

d. East Baton Rouge Sewerage Commission

On April 1, 1992, the City of Baton Rouge issued \$85,000,000 in Public Improvement Sales Tax Revenue Bonds, Series 1992A (20 year term), for the purpose of providing funds to finance the acquisition of an undivided interest in the sewerage system owned and/or operated by the East Baton Rouge Sewerage Commission (the "Commission"). The Commission used the proceeds to refund the outstanding portion of the \$27,000,000 Public Improvement Certificates of Indebtedness and to defease the callable portion of the \$70,000,000 Sewer Revenue Bonds, Series 1987. The Commission, through an act of credit sale, repurchased the undivided interest in the sewerage system previously sold to the City of Baton Rouge for \$76,999,452. This transaction is recorded as a long-term obligation in the Comprehensive Sewerage System Fund. Payments to the City by the Commission are required semi-annually over a 19 year period. These payments are recorded as miscellaneous revenues in the General Fund, and will fully offset the impact that the scheduled debt service payments on the \$85,000,000 Public Improvement Sales Tax Revenue Bonds have on the General Fund. Total principal paid prior to 2003 was \$35,420,697. In 2003, a \$3,466,960 principal payment reduced the obligation payable to \$38,111,795. Scheduled maturities and future interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 3,766,221	\$ 3,138,887	\$ 6,905,108
2005	4,095,228	2,828,702	6,923,930
2006	4,453,147	2,491,419	6,944,566
2007	4,842,536	2,124,657	6,967,193
2008 and after	<u>20,954,663</u>	<u>4,145,719</u>	<u>25,100,382</u>
	<u>\$38,111,795</u>	<u>\$14,729,384</u>	<u>\$52,841,179</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued)

11. Louisiana Community Development Authority Loans

In 1999, the Metropolitan Council authorized the Parish to execute a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority (the "LCDA") for the purpose of providing funds for the construction of the Advanced Traffic Management Facility and other capital programs of the City-Parish. A total of \$7,643,873 was loaned to the Parish on the 1999 program. A total of \$5,509,318 has been repaid, leaving an outstanding balance on this loan of \$2,134,555 as of December 31, 2003. Future debt service is budgeted over a 16 year period at 2.8%.

In 2001, the City applied for an additional LCDA Loan for the Greater Baton Rouge Airport District to provide funds for airport improvements. A total of \$6,920,902 has been loaned to the City and \$125,900 in principal has been repaid. As of December 31, 2003, the airport enterprise fund has recorded a direct obligation of \$6,795,002. Future debt service is budgeted over a 26 year period at 2.36%. Total LCDA authorization for the loan to the Airport is \$9,000,000. Funds are drawn down as the expenses are made on airport projects. Additional loan proceeds are expected to be appropriated and drawn-down during year 2004.

The interest rate on both notes fluctuate weekly with changes in the Bond Market Association (BMA) Municipal Swap Index.

12. Governmental Funds Taxable Bonds

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

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

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

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

The City recognized an accounting gain of \$987,729 on the above two refundings in 2002, when the reacquisition price was smaller than the carrying amount of the original obligation. In accordance with GASB 23, this gain must be deferred and amortized over the life of the debt on the entity-wide financial statements. During 2002 \$35,276 of the deferred amount on refunding was amortized. Year 2003 debt service interest expense was reduced by \$35,276 on the Statement of Activities representing the 2003 amortization amount, resulting in the reporting of an additional \$917,177 in total debt on the entity-wide statement of net assets for governmental activities as of December 31, 2003.

13. 2003 Refunding of 1/2% Sewer Sales Tax Bonds

On April 1, 2003, the Parish issued \$112,720,000 of Public Improvement (Sewer) Sales Tax Bonds to refund the: (1)\$30.2M 1993 Public Improvement (Sewer) Sales Tax Bonds, (net interest cost 5.49%; principal refunded - \$23,405,000); (2) the \$70M 1993(A) Public Improvement Sales Tax Revenue Bonds, (net interest cost 5.13%; principal refunded - \$53,160,000); and, (3)

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued)

13. 2003 Refunding of 1/2% Sewer Sales Tax Bonds (Continued)

the callable portion of the \$36M 1995 Public Improvement Sales Tax Revenue Bonds, (net interest cost 5.97%; principal refunded and outstanding at December 31, 2003, - \$33,070,000), and (4) to provide funds for the on-going sewerage capital improvements program. A portion of the refunding proceeds of the new issue was used to purchase U. S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service on the 1995 issue. Both 1993 issues were called and paid on April 1, 2003. A small portion of the issue (0.5%) not needed for the refunding escrow was deposited for use in the Sewerage Capital Improvements Fund for construction purposes.

Sources and uses of the issue are summarized as follows:

	<u>Refunding</u>	<u>Construction</u>	<u>Total</u>
<u>Sources and Uses of Funds:</u>			
Sources:			
Principal proceeds	\$112,193,059	\$ 526,941	\$112,720,000
Premium	5,863,994	953	5,864,947
Accrued interest	113,221	569	113,790
Sinking fund contribution	<u>2,289,635</u>	<u>--</u>	<u>2,289,635</u>
Total Sources	<u>\$120,459,909</u>	<u>\$ 528,463</u>	<u>\$120,988,372</u>
Uses:			
Deposit with escrow agent	\$113,552,633	\$ --	\$113,552,633
Net construction fund proceeds	--	522,267	522,267
Issuance costs	482,510	2,425	484,935
Accrued interest to sinking fund	113,221	569	113,790
Increase in debt service reserve	189,562	953	190,515
Bond insurance	447,551	2,249	449,800
Debt service payments	<u>5,674,432</u>	<u>--</u>	<u>5,674,432</u>
Total Uses	<u>\$120,459,909</u>	<u>\$ 528,463</u>	<u>\$120,988,372</u>
<u>Gross Savings on Refunding:</u>			
Old debt service cash flows			\$164,787,522
New debt service cash flows		163,678,375	
Less:			
Accrued interest		(113,790)	
Premium on bonds		(5,864,947)	
Plus:			
Contribution from sinking funds		2,289,635	<u>159,989,273</u>
Gross savings			<u>\$ 4,798,249</u>
<u>Economic Gain on Refunding:</u>			
Present value of old debt service cash flows			\$120,710,781
Present value of new debt service cash flows		119,867,523	
Less:			
Accrued interest		(113,790)	
Premium on bonds		(5,864,947)	
Plus:			
Contribution from sinking funds		2,289,635	<u>116,178,421</u>
Economic gain			<u>\$ 4,532,360</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued)

13. 2003 Refunding of 1/2% Sewer Sales Tax Bonds (Continued)

As a result of the refunding, the City-Parish recognized a Deferred Amount on Refunding of \$5,961,889. This recognition is required by GASB Statement No. 23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities*. The bonds were issued at a premium of \$5,864,947. As of December 31, 2003, \$391,759 of the Deferred Amount on Refunding and \$385,387 of the premium were amortized resulting in a net Deferred Amount on Refunding of \$90,570. This is reflected as a reduction of bonds payable on the balance sheet for the Comprehensive Sewerage System Fund.

14. Prior Year Refundings - Deferred Amount, Business-Type Activities

On March 1, 1996, the Parish issued \$65,000,000 of Public Improvement Sales Tax Revenue Bonds, Series ST-1996, to refund and defease in substance the callable portion of the 1989 Public Improvement (Sewer) Sales Tax Revenue Bonds, Series ST-1989 (net interest cost rate - 6.933%; principal refunded - \$36,300,000, called February 1, 1999). As a result of the refunding, the City-Parish recognized a Deferred Amount on Refunding of \$2,710,061 and a premium of \$12,320. As of December 31, 2003, \$1,639,723 of the Deferred Amount on Refunding was amortized (\$186,334 in 2003 and \$1,453,389 in prior years), and \$6,196 of the premium was amortized (\$729 in 2003 and \$5,467 in prior years) resulting in a net Deferred Amount on Refunding of \$1,064,214. This is reflected as a reduction of bonds payable on the balance sheet for the Comprehensive Sewerage System Fund.

On November 1, 1998, the Parish issued \$16,825,000 of Public Improvement (Sewer) Sales Tax Revenue Bonds, Series ST-1998B, to refund and defease in substance the callable portion of the 1991 Public Improvement (Sewer) Sales Tax Revenue Bonds, Series ST-1991 (net interest cost - 6.67%; principal refunded - \$15,690,000, called February 1, 2001). As a result of refunding the callable portion of the \$20,000,000 Public Improvement (Sewer) Sales Tax Revenue Bonds, Series ST-1991, on November 1, 1998, the City-Parish recognized a Deferred Amount on Refunding in the amount of \$1,291,440 and a premium of \$67,659. As of December 31, 2003, \$501,870 of the Deferred Amount on Refunding was amortized (\$110,979 in 2003 and \$390,891 in prior years), and \$26,293 of the premium was amortized (\$5,814 in 2003 and \$20,479 in prior years) resulting in a net Deferred Amount on Refunding of \$748,204. This is reflected as a reduction of bonds payable on the balance sheet for the Comprehensive Sewerage System Fund.

15. Bonds of Other Governmental Units

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

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

16. Port Authority Bonds

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

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued)

17. Arbitrage Liability

Section 148 of the Internal Revenue Code of 1986, as amended, requires that issuers of tax exempt debt make arbitrage calculations annually on bond issues issued after August 31, 1986, to determine whether an arbitrage rebate liability exists between the issuer and the U.S. Department of the Treasury. Arbitrage is the difference (or profit) earned from borrowing funds at tax exempt rates and investing the proceeds in higher yielding taxable securities. There are no arbitrage rebate liabilities outstanding to the U.S. Department of Treasury for City-Parish issues at December 31, 2003.

18. Conduit Debt Obligations

The Parish and Parish Special Districts have issued industrial development revenue bonds and industrial pollution control revenue bonds. These bonds are limited obligations of the Parish or District payable from revenues of the projects. The bonds are not a charge upon other income of the Parish or District nor are they a charge against the credit or taxing power of the District, the Parish of East Baton Rouge, or the City of Baton Rouge. As of December 31, 2003, there were 56 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$231,000,000.

19. Lease Commitments

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

The City-Parish has entered into lease agreements to acquire or obtain the use of machinery equipment, office equipment, transportation equipment, and office space. The lease terms range from 36 to 48 months. All equipment leases will expire during the next three years. The amount necessary to reduce net minimum lease payments to present value is calculated by comparing the implicit rate and the incremental rate at the inception of the lease and using the lower of the two rates. The rate used in calculating present value ranges from 2.49% to 7.14%. The lease payments are expected to remain the same throughout the term of the leases. The City-Parish has the option to purchase the equipment at a bargain price at the end of the lease term or in most cases title transfers to the City-Parish at the end of the leases. The lease agreements contain a fiscal funding clause which generally provides for cancellation in the event the Metropolitan Council does not appropriate funds in subsequent years for the lease payments.

During 2003, the City-Parish initiated three new lease agreements for the purchase of motor vehicles and office equipment. The following is a schedule by years of the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of December 31, 2003:

	Governmental Activities
2004	\$ 51,343
2005	46,103
2006	<u>13,973</u>
Total minimum lease payments	111,419
Less: amount representing interest	<u>(3,803)</u>
Present value of net minimum lease payments	<u>\$107,616</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

a. Primary Government (Continued)

19. Lease Commitments (Continued)

Asset balances as of December 31, 2003, for equipment under capital lease by major classes are as follows:

<u>Classes of Equipment</u>	<u>Capital Assets Governmental Activities</u>
Office equipment	\$ 20,666
Transportation equipment	<u>156,417</u>
Subtotal	177,083
Less: accumulated depreciation	<u>(121,428)</u>
Total	<u>\$ 55,655</u>

City-Parish operating leases contain one of the following options: (a) the City-Parish may, after the initial lease term expires, purchase the property at the fair value of the property or (b) the term can be extended on a month-to-month basis until either the City-Parish returns the equipment to the Lessor or the Lessor terminates the lease by a ten day written notice. In most cases, leases are renewed or replaced by other leases. The City-Parish does not have any operating leases with scheduled rent increases. Operating lease payments during 2003 totaled \$150,613. The future minimum rental payments as of December 31, 2003, total \$45,015 all due in year 2004.

b. Component Units Long-Term Debt

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>
<u>District Attorney of the Nineteenth Judicial District</u>				
Net pension obligation	<u>\$ 218,548</u>	<u>\$ 89,807</u>	<u>\$ --</u>	<u>\$ 308,355</u>
<u>Nineteenth Judicial District Court</u>				
Compensated absences payable	\$ 602,886	\$ --	\$ 1,853	\$ 601,033
Net pension obligation	<u>6,773</u>	<u>69</u>	<u>--</u>	<u>6,842</u>
Total	<u>\$ 609,659</u>	<u>\$ 69</u>	<u>\$ 1,853</u>	<u>\$ 607,875</u>
<u>E.B.R. Parish Family Court</u>				
Compensated absences payable	\$ 41,973	\$ 9,222	\$ --	\$ 51,195
Net pension obligation	<u>26,491</u>	<u>12,502</u>	<u>--</u>	<u>38,993</u>
Total	<u>\$ 68,464</u>	<u>\$ 21,724</u>	<u>\$ --</u>	<u>\$ 90,188</u>
<u>E.B.R. Parish Juvenile Court</u>				
Compensated absences payable	\$ 149,611	\$ 643	\$ --	\$ 150,254
Net pension obligation	<u>63,613</u>	<u>27,288</u>	<u>--</u>	<u>90,901</u>
Total	<u>\$ 213,224</u>	<u>\$ 27,931</u>	<u>\$ --</u>	<u>\$ 241,155</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

b. Component Units (Continued)

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>
<u>E.B.R. Parish Clerk of Court</u>				
Compensated absences payable	\$ 359,773	\$ 48,420	\$ --	\$ 408,193
<u>E.B.R. Parish Coroner</u>				
Compensated absences payable	\$ 1,594	\$ --	\$ --	\$ 1,594
Net pension obligation	38,454	12,301	--	50,755
Total	<u>\$ 40,048</u>	<u>\$ 12,301</u>	<u>\$ --</u>	<u>\$ 52,349</u>
<u>St. George Fire Protection District</u>				
Bonds and notes payable	\$2,590,842	\$2,600,000	\$2,704,084	\$2,486,758
Compensated absences payable	477,958	473,130	416,324	534,764
Net pension obligation	143,781	111,534	--	255,315
Total	<u>\$3,212,581</u>	<u>\$3,184,664</u>	<u>\$3,120,408</u>	<u>\$3,276,837</u>
<u>Brownsfield Fire Protection District</u>				
Obligation under capital leases	\$ 19,627	\$ --	\$ 12,905	\$ 6,722
Net pension obligation	12,459	6,476	--	18,935
Total	<u>\$ 32,086</u>	<u>\$ 6,476</u>	<u>\$ 12,905</u>	<u>\$ 25,657</u>
<u>Central Fire Protection District</u>				
Compensated absences payable	\$ 86,551	\$ 9,065	\$ --	\$ 95,616
Obligation under capital leases	230,049	--	52,184	177,865
Net pension obligation	31,775	20,715	--	52,490
Total	<u>\$ 348,375</u>	<u>\$ 29,780</u>	<u>\$ 52,184</u>	<u>\$ 325,971</u>
<u>E.B.R. Parish Fire Protection District No. 6</u>				
Bonds and notes payable	\$ 34,000	\$ --	\$ 34,000	\$ --
Compensated absences payable	1,077	--	184	893
Obligation under capital leases	80,103	238,500	25,285	293,318
Net pension obligation	25,460	20,752	--	46,212
Total	<u>\$ 140,640</u>	<u>\$ 259,252</u>	<u>\$ 59,469</u>	<u>\$ 340,423</u>
<u>Eastside Fire Protection District</u>				
Notes payable	\$ 399,500	\$ 450,000	\$ 319,500	\$ 530,000
Compensated absences payable	55,498	18,737	--	74,235
Obligation under capital leases	242,727	--	70,738	171,989
Net pension obligation	5,000	13,689	--	18,689
Total	<u>\$ 702,725</u>	<u>\$ 482,426</u>	<u>\$ 390,238</u>	<u>\$ 794,913</u>
<u>Alsen-St. Irma Lee Fire Protection District</u>				
Obligation under capital leases	<u>\$ 148,444</u>	<u>\$ --</u>	<u>\$ 42,323</u>	<u>\$ 106,121</u>
<u>Capital Region Planning Commission</u>				
Compensated absences payable	<u>\$ 35,448</u>	<u>\$ --</u>	<u>\$ 818</u>	<u>\$ 34,630</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 10 - Long-Term Debt (Continued)

b. Component Units (Continued)

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>
Capital Transportation Corporation				
Compensated absences payable	\$ 366,805	\$ --	\$ 59,403	\$ 307,402
Claims and judgements payable	177,500	217,832	--	395,332
Other long-term payables	<u>258,273</u>	<u>153,010</u>	<u>--</u>	<u>411,283</u>
Total	<u>\$ 802,578</u>	<u>\$ 370,842</u>	<u>\$ 59,403</u>	<u>\$1,114,017</u>
 Total component units long-term debt	 <u>\$6,932,593</u>	 <u>\$4,533,692</u>	 <u>\$3,739,601</u>	 <u>\$7,726,684</u>

NOTE 11 - Interfund and Intergovernmental Receivables and Payables

a. Balances due to/from other funds at December 31, 2003, consist of the following:

\$17,497,219	Due to the Capital Projects Fund from other governmental funds (Library Board of Control Fund) representing unspent balances on construction projects appropriated in the Capital Projects Fund.
<u>16,891,319</u>	Due to the General Fund from other governmental funds (Downtown Development District and B.R. Fire Department Pay Enhancement Fund), and the Greater Baton Rouge Airport District representing short-term loans.
<u>\$34,388,538</u>	

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

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Net Internal Balances</u>
Balance Sheet - Governmental Funds	\$34,388,538	\$(22,965,986)	\$ 11,422,552
Statement of Net Assets - Proprietary Funds	--	<u>(11,422,552)</u>	<u>(11,422,552)</u>
Totals	<u>\$34,388,538</u>	<u>\$(34,388,538)</u>	<u>\$ --</u>

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

	<u>Federal</u>	<u>State</u>	<u>School Board</u>	<u>Sheriff</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:						
General Fund	\$ --	\$ 781,499	\$118,641	\$15,452,089	\$ 607,948	\$16,960,177
Capital Projects Fund	--	2,613,254	--	--	285,364	2,898,618
Nonmajor governmental Funds	2,023,892	1,943,192	--	36,354,177	468,971	40,790,232
Internal Service Funds	--	--	--	--	2,149	2,149
Adjustments to full accrual basis of accounting	--	2,940,396	--	1,150,076	70,904	4,161,376
Business-type Activities:						
Greater Baton Rouge Airport District	2,011,533	3,870,397	--	--	--	5,881,930
Comprehensive Sewerage System Fund	541,958	10,515	--	38	71,037	623,548
Nonmajor enterprise funds	--	<u>2,553,395</u>	--	--	--	<u>2,553,395</u>
Totals	<u>\$4,577,383</u>	<u>\$14,712,648</u>	<u>\$118,641</u>	<u>\$52,956,380</u>	<u>\$1,506,373</u>	<u>\$73,871,425</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

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

b. Due From Other Governments by governmental agencies for the Primary Government (Continued)

Summary of balances due from other governments reported on the Statement of Net Assets:

Current assets - Due from other governments	\$73,247,915
Restricted assets - Due from other governments	<u>623,510</u>
 Totals	 <u>\$73,871,425</u>

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

	<u>Due (To)/From Primary Government</u>	<u>Due (To)/From Component Units</u>
<u>Primary Government:</u>		
General Fund	\$ --	\$209,675
General Fund		(4,331)
 <u>Component Units:</u>		
Nineteenth Judicial District Indigent Defender Board	4,331	--
Brownsfield Fire Protection District	(180,948)	--
Chaneyville Fire Protection District	(4,053)	--
Alsen-St. Irma Lee Fire Protection District	<u>(24,674)</u>	<u>--</u>
 Total	 <u>\$(205,344)</u>	 <u>\$205,344</u>

NOTE 12 - Interfund Transfers

a. Interfund transfers at December 31, 2003 consist of the following:

\$ 725,980		From the General Fund to other governmental funds (City Constable Court Costs Fund, and Animal Control Center Fund) to subsidize operations.
184,804		From the General Fund to other governmental funds (Grants Fund) to provide local match on Federal and State grants.
5,052,730		From the General Fund to the Comprehensive Sewerage System Fund and other enterprise funds (G.B.R. Parking Authority and the Riverside Centroplex Fund) to subsidize operations.
4,565,202		From the General Fund to other governmental funds (Taxable Refunding Bonds Fund and Excess Revenue and Limited Tax Fund) to pay debt service requirements on outstanding debt.
3,863,093		From the General Fund to the Capital Projects Fund to provide local match for Federal and State capital grants.
250,000		From the General Fund to the Capital Projects Fund to provide funding for the Louisiana Arts and Science Center Train Renovation Project.
3,399,305		From the General Fund to the Capital Projects Fund for major drainage and road projects from gaming tax revenues.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 12 - Interfund Transfers (Continued)

a. Interfund transfers at December 31, 2003 (Continued)

\$ 9,098,520	From the General Fund to the Capital Projects Fund for 2003 departmental capital outlays greater than \$5,000 unit cost.
1,933,945	From the Capital Projects Fund to other governmental funds (Excess Revenue and Limited Tax Fund) to advance pay debt service principal on the LA Community Development Authority Loan.
56,661	From the Capital Projects Fund to other governmental funds (Grants Fund) to provide local match for operating grants.
8,561,537	From the Capital Projects Fund to other enterprise funds (Riverside Centroplex Fund and Solid Waste Disposal Facility Fund) for purchase of capital assets.
3,925,000	From other governmental funds (Library Board of Control Fund and Emergency Medical Services (EMS) Fund) to the Capital Projects Fund to provide funding for building branch libraries and the new EMS/fire stations.
10,737	From other governmental funds (Library Board of Control Fund) to other governmental funds (Grants Fund) to provide local match on library grants.
493,066	From other governmental funds (Emergency Medical Services Fund) to other governmental funds (E.B.R. Parish Communications District) to subsidize operations.
2,081,014	From other governmental funds (Consolidated Garbage Service District and State and Local Government Securities Debt Service Fund) to reimburse the General Fund for debt service payments funded by City sales tax.
883,591	From other governmental funds (Mosquito Abatement and Rodent Control Fund, Library Board of Control Fund, Downtown Development District, Gaming Enforcement Division Fund, Emergency Medical Services Fund, and Grants Fund) to the General Fund for health insurance premiums in excess of claims experience in 2003.
572,732	From other enterprise funds (Greater Baton Rouge Airport District and the Solid Waste Disposal Facility Fund) to the General Fund for health insurance premiums in excess of claims experience in 2003.
<u>\$45,657,917</u>	Total

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

	<u>Transfers In</u>	<u>Transfers (Out)</u>	<u>Net Transfers</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$32,043,650	\$(45,085,185)	\$(13,041,535)
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	<u>13,614,267</u>	<u>(572,732)</u>	<u>13,041,535</u>
Totals	<u>\$45,657,917</u>	<u>\$(45,657,917)</u>	<u>\$ --</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2003

EXHIBIT A - 15
 (Continued)

NOTE 12 - Interfund Transfers (Continued)

b. The following exchange of funds between the Primary Government and its discretely presented component units during 2003 are classified as external transactions on the Government-wide Statement of Activities:

	Operating Exchanges (To)/From Primary <u>Government</u>	Operating Exchanges (To)/From Component <u>Units</u>
<u>Primary Government:</u>		
General Fund	\$ --	\$(12,090,921)
 Non-major Special Revenue Fund:		
Parish Transportation Fund	--	(947,230)
 <u>Component Units:</u>		
District Attorney of the Nineteenth Judicial District	3,255,250	--
Nineteenth Judicial District Court	4,192,671	--
E.B.R. Parish Family Court	602,541	--
E.B.R. Parish Juvenile Court	744,563	--
Nineteenth Judicial District Indigent Defender Board	192,582	--
E.B.R. Parish Clerk of Court	943,425	--
E.B.R. Parish Coroner	701,930	--
Brownsfield Fire Protection District	17,050	--
Central Fire Protection District	36,820	--
E.B.R. Parish Fire Protection District No. 6	68,990	--
Eastside Fire Protection District	32,740	--
Pride Fire Protection District	11,120	--
Chaneyville Fire Protection District	49,230	--
Alsen-St. Irma Lee Fire Protection District	30,750	--
Capital Region Planning Commission	53,804	--
Capital Transportation Corporation	<u>2,104,685</u>	<u> --</u>
 Total	 <u>\$13,038,151</u>	 <u>\$(13,038,151)</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 13 - Other Receivables

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

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>	<u>Total</u>
Governmental Activities:					
<u>Receivables:</u>					
Property taxes	\$ 2,491,114	\$ --	\$ 5,969,192	\$ --	\$ 8,460,306
Gross receipts business taxes	4,566,145	--	--	--	4,566,145
Sales taxes	12,905,741	1,747,755	1,296,575	--	15,950,071
Interest and penalties on taxes	63,571	--	--	--	63,571
Accounts	543,546	--	1,466,096	--	2,009,642
Accrued interest	78,084	109,136	366,855	9,437	563,512
Special assessments	40,497	13,918	--	--	54,415
Other	<u>256,021</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>256,021</u>
Gross receivables	20,944,719	1,870,809	9,098,718	9,437	31,923,683
Less: allowance for uncollectibles	<u>(498,234)</u>	<u>--</u>	<u>(1,371,052)</u>	<u>--</u>	<u>(1,869,286)</u>
Net total receivables	<u>\$20,446,485</u>	<u>\$1,870,809</u>	<u>\$ 7,727,666</u>	<u>\$ 9,437</u>	<u>\$30,054,397</u>

	<u>Greater</u> <u>Baton Rouge</u> <u>Airport District</u>	<u>Comprehensive</u> <u>Sewerage</u> <u>System</u>	<u>Nonmajor</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u>
Business-type Activities:				
<u>Receivables:</u>				
Sales taxes	\$ --	\$3,042,212	\$ --	\$3,042,212
Accounts	693,763	3,751,562	1,647,451	6,092,776
Accrued interest	921	619,841	25,557	646,319
Special assessments	<u>--</u>	<u>220,183</u>	<u>--</u>	<u>220,183</u>
Gross receivables	694,684	7,633,798	1,673,008	10,001,490
Less: allowance for uncollectibles	<u>(298,403)</u>	<u>--</u>	<u>(236,800)</u>	<u>(535,203)</u>
Net total receivables	<u>\$ 396,281</u>	<u>\$7,633,798</u>	<u>\$1,436,208</u>	<u>\$9,466,287</u>

Summary of receivables reported on the Statement of Net Assets for Business-type activities:

Current assets - receivables	\$8,980,701
Restricted assets - receivables	<u>485,586</u>
Totals	<u>\$9,466,287</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 14 - Restricted Net Assets

Details of restricted net assets as reported in the entity-wide Statement of Net Assets are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Net Assets Restricted For:			
Capital projects:			
Unspent bond proceeds from city sales tax issues	\$ 1,056,603	\$ --	\$ 1,056,603
Unspent bond proceeds and other capital project dedications for sewer	--	19,124,847	19,124,847
Local match authorized for capital grants	2,609,664	--	2,609,664
Dedicated sales tax for street construction	47,934,525	--	47,934,525
Dedicated court fees for judicial court building	640,586	--	640,586
Centroplex funds authorized for capital improvements	<u>--</u>	<u>245,206</u>	<u>245,206</u>
Total net assets restricted for capital projects	<u>52,241,378</u>	<u>19,370,053</u>	<u>71,611,431</u>
Debt service:			
2% City sales tax revenue bonds	19,825,270	--	19,825,270
2% Parish sales tax revenue bonds	678,750	--	678,750
State and local government securities	3,341,070	--	3,341,070
½% Sewer parish sales tax revenue bonds	--	30,512,383	30,512,383
Airport district obligations	<u>--</u>	<u>809,181</u>	<u>809,181</u>
Total net assets restricted for debt service	<u>23,845,090</u>	<u>31,321,564</u>	<u>55,166,654</u>
Passenger facility charge:			
Greater Baton Rouge Airport District (see note 16)	<u>--</u>	<u>366,260</u>	<u>366,260</u>
Other purposes:			
Dedicated property taxes authorized by the electorate to specific special revenue funds and purposes	51,565,260	--	51,565,260
Dedicated sales tax for street maintenance	5,793,742	--	5,793,742
State road funds dedicated for transportation	5,517,902	--	5,517,902
Telephone surcharge dedicated to communications district	3,067,170	--	3,067,170
Grant funds restricted to specific programs	<u>6,568,729</u>	<u>--</u>	<u>6,568,729</u>
Total net assets restricted for other purposes	<u>72,512,803</u>	<u>--</u>	<u>72,512,803</u>
Total Restricted Net Assets	<u>\$148,599,271</u>	<u>\$51,057,877</u>	<u>\$199,657,148</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 15 - Restricted Assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

	<u>Comprehensive Sewerage System</u>	<u>Other Enterprise Total</u>	<u>Total</u>
Cash for capital projects	\$ 25,676,382	\$2,267,450	\$ 27,943,832
Sales tax revenue bonds construction accounts	46,322,219	--	46,322,219
Sales tax revenue bonds debt service accounts	35,316,155	--	35,316,155
Accrued interest receivable - cash for capital projects	82,058	4,412	86,470
Accrued interest receivable - sales tax revenue bonds trustee accounts	399,116	--	399,116
Due from other governments - federal and state grants	552,473	--	552,473
Due from other governments - impact fees	<u>71,037</u>	<u>--</u>	<u>71,037</u>
Total restricted assets	<u>\$108,419,440</u>	<u>\$2,271,862</u>	<u>\$110,691,302</u>

NOTE 16 - Passenger Facility Charges - Greater Baton Rouge Airport District

On September 28, 1992, the Greater Baton Rouge Airport District (Airport) received approval from the Federal Aviation Administration (FAA) to impose a \$3.00 passenger facility charge (PFC) in accordance with Section 158.29 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158).

FAA regulations require that PFC revenues be recognized and recorded as non-operating revenues in the year the fees are remitted by the air carriers (not when the funds are spent).

FAA regulations also require certain Financial Statement Disclosures with regard to passenger facility charges. Any PFC revenue received, but not yet spent, along with interest income, is classified as restricted net assets on the Statement of Net Assets. On the Statement of Revenues, Expenses, and Changes in Fund Net Assets, PFC revenue is classified as non-operating revenue, while on the Statement of Cash Flows, PFC collections are classified as capital in nature.

The Airport began assessing the fee on December 1, 1992, and the FAA approved a total collection of \$9,823,159 over a six year period ending December 1, 1998. On February 14, 1997, the FAA approved an additional collection of \$10,157,206 over an eleven year period commencing June 1, 1997, and ending June 1, 2008. The collection periods were based on information submitted to the FAA by the Airport.

On April 23, 1993, the Airport received approval from the FAA to use PFC revenues to fund certain airport projects. The list of approved projects was amended by the FAA on February 14, 1997.

On July 18, 2000, the FAA approved an additional \$8,912,110 with the date of collection the same, and the estimated charge expiration date of August 1, 2016. The FAA also approved a new project in the amount of \$6,504,390 on July 25, 2000, with an estimated charge expiration date of January 1, 2022. The total amount of approved projects are shown in the following table:

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 16 - Passenger Facility Charges - Greater Baton Rouge Airport District (Continued)

<u>Description</u>	<u>Project Amount</u>
Terminal Concept Study	\$ 450,000
Noise Mitigation	8,532,260
Terminal Building Plan Specifications	840,899
Terminal Building Renovations/Expansion	
Financing and Interest	19,069,316
Terminal Access Road/Passenger	
Loading Bridges	<u>6,504,390</u>
 Total	 <u>\$35,396,865</u>

Since the inception of the PFC, the Airport has recorded the following revenues and expenses through the 2003 fiscal year resulting in a restriction of net assets from passenger facility charges as follows:

Cumulative PFC Revenues (1992 - 2003)	\$ 12,740,809
Proceeds from debt issuance	65,130
Interest earnings	<u>1,009,336</u>
Total revenues	13,815,275
 * Cumulative PFC administrative fee	 (278,969)
Cumulative expenses for PFC projects (1992 - 2003)	(8,480,274)
Cumulative bond principal payments	(2,883,317)
Cumulative bond interest payments	<u>(1,806,455)</u>
Net assets restricted for PFC's	<u>\$ 366,260</u>

* Prior to 1995 the administrative fee was netted with PFC fees

NOTE 17 - Solid Waste Disposal Facility Closure And Postclosure Care Liability

The 1994 fiscal year was the first full year of operation for the new North Landfill, which opened when the old landfill, Devil's Swamp, was closed on October 8, 1993. The North Landfill is permitted by the U.S. Environmental Protection Agency (EPA) and the Louisiana Department of Environmental Quality (DEQ) to dispose of municipal solid waste and non-hazardous industrial waste from East Baton Rouge Parish and from surrounding cities, towns, and parishes. Regulations issued by the EPA and the DEQ require the City-Parish to perform certain closing functions and postclosure monitoring and maintenance functions for the North Landfill.

Municipal Solid Waste Landfill (MSWLF) Closure and Postclosure Care Costs are accounted for in accordance with guidelines recommended by GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. GASB Statement No. 18 states that a portion of the estimated total current cost of MSWLF closure and postclosure care is required to be recognized as an expense and as a liability in each period that the MSWLF accepts solid waste. Recognition should begin on the date the MSWLF begins accepting solid waste, continue in each period that it accepts waste, and be completed by the time it stops accepting waste. The estimated total current cost of closure and postclosure care includes the cost of equipment expected to be installed and facilities expected to be constructed near or after the date that the Solid Waste Disposal Facility stops accepting solid waste and any equipment installed during the 30 year postclosure period. Included in the total current cost is the cost of final cover expected to be applied near or after the date the facility stops accepting solid waste, and the cost of monitoring and maintaining the expected usable landfill area during the postclosure period.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

EXHIBIT A - 15
(Continued)

NOTE 17 - Solid Waste Disposal Facility Closure And Postclosure Care Liability (Continued)

The current estimated cost of closure and postclosure care costs for the Solid Waste Disposal Facility, as prepared by an outside engineering firm, is \$19,155,550. Based on calculations made by the Department of Public Works, the total estimated capacity was changed in 2002 from 33,400,000 cubic yards to 28,628,570 cubic yards with a projected useful life of 42 years. (The previous projected useful life was 49 years.) The estimated cost will be adjusted on an annual basis as deemed necessary by the management of the Department of Public Works to reflect the effects of inflation, changes in technology or changes in applicable laws or regulations.

The Solid Waste Disposal Facility Enterprise Fund recognizes a portion of the current estimated cost of MSWLF closure and postclosure care as an expense and as a liability in each period that it accepts solid waste. The expense and liability are based on the number of cubic yards used during the period rather than on the passage of time. As of December 31, 2003, the liability for closure and postclosure care totals \$11,057,551. The liability is based on the landfill capacity used to date of 16,525,856 cubic yards or 57.7% of the landfill capacity. The liability will be financed by the Solid Waste Disposal Facility Enterprise Fund. The remaining estimated cost of closure and postclosure care of \$8,097,999 will be recognized as the remaining estimated capacity is filled. The estimated remaining useful life of the landfill as of December 31, 2003, is 32 years.

NOTE 18 - State Required Disclosures

a. Council Members Compensation

Each Council Member receives monthly compensation in accordance with The Plan of Government. Compensation is currently \$300 a month for council members. In addition, members of the Metropolitan Council receive \$800 per month combined travel and auto allowance. (LRS 33:1233(B)) The following is a list of Council Members with gross wages, including auto allowance that was reported as paid in year 2003.

District 1	Wayne Carter	\$13,200
District 2	Ulysses Z. Addison, Jr.	13,200
District 3	Pat Culbertson	13,200
District 4	Joseph "Joe" Greco	13,200
District 5	Charles Kelly	13,200
District 6	Martha J. Tassin	13,200
District 7	Byron Sharper	13,200
District 8	J. Michael "Mike" Walker	13,200
District 9	Darrell P. Ourso	13,200
District 10	Lorri Burgess	
	Council	13,200
	President Pro-Tempore	18,000
District 11	David J. Boneno	13,200
District 12	James T. "Jim" Benham	13,200

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

EXHIBIT A - 15
(Continued)

NOTE 18 - State Required Disclosures (Continued)

b. Communications District Wireless E911 Service

Act 1029 of the 1999 Louisiana Legislative Session authorizes the parish governing authority of a communication district to levy an emergency telephone service charge on wireless communications systems to pay the costs of implementing FCC ordered enhancements to the E911 system. The act further requires that governing authorities disclose in the audited financial statements information on the revenues derived from the service charge, the use of such revenues, and the status of implementation of wireless E911 service.

The East Baton Rouge Parish Communications District Board of Commissioners enacted Resolution No. 001/2000 on March 17, 2000, assessing an emergency telephone service charge of \$0.50 per month per wireless Commercial Mobile Radio Service (CMRS) user. Since the enactment of the fee, the Communications District Special Revenue Fund has collected and spent the following funds on enhancements to the wireless E911 system:

	<u>Revenues</u>	<u>Expenditures</u>
2000	\$ 399,863	\$ --
2001	943,927	85,368
2002	1,589,905	128,632
2003	<u>1,084,224</u>	<u>297,143</u>
Total To Date	<u>\$4,017,919</u>	<u>\$511,143</u>

Phase II upgrades to the area within the Cities of Baker and Zachary are complete and the system is scheduled to be fully implemented by the first quarter of 2005. Not all wireless companies offer Phase II implementation service at this time, but some of the larger service providers will be operational by the end of 2004.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
 REQUIRED SUPPLEMENTARY INFORMATION
 EMPLOYEES' RETIREMENT SYSTEMS
 SCHEDULES OF FUNDING PROGRESS
 (UNAUDITED)**

EXHIBIT B - 1

REGULAR EMPLOYEES' TRUST

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/03	\$847,227,425	\$985,671,695	\$138,444,270	86.0 %	\$106,240,559	130.3 %
12/31/02	818,150,788	947,726,617	129,575,829	86.3	101,339,785	127.8
12/31/01	813,977,773	902,821,264	88,843,491	90.2	102,793,456	86.4
12/31/00	786,941,507	855,994,379	69,052,872	91.9	99,510,155	69.4
12/31/99	741,562,144	809,012,654	67,450,510	91.7	96,744,086	69.7
12/31/98	740,257,038	875,075,687	134,818,649	84.6	118,742,991	113.5
12/31/97	635,463,896	811,977,242	176,513,346	78.3	114,102,750	154.7
12/31/96	587,193,233	773,936,127	186,742,894	75.9	109,658,886	170.3
12/31/95	551,301,959	718,277,070	166,975,111	76.8	104,601,384	159.6
12/31/94	480,505,268	657,162,178	176,656,910	73.1	100,596,231	175.6

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT SYSTEMS
SCHEDULES OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)

EXHIBIT B - 2

REGULAR EMPLOYEES' TRUST

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
12/31/03	\$18,479,710	76.1 %
12/31/02	16,110,422	73.6
12/31/01	13,708,997	79.6
12/31/00	11,240,695	116.7
12/31/99	15,658,856	130.4
12/31/98	17,967,514	107.1
12/31/97	19,510,792	91.5
12/31/96	17,773,028	91.3
12/31/95	17,845,851	80.0

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT SYSTEMS
(UNAUDITED)**

EXHIBIT B - 3

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

REGULAR EMPLOYEES' TRUST

Valuation date	12/31/2003
Actuarial cost method	Entry Age Normal
	Level percentage of payroll on a closed basis, assuming payroll increases 0% per year during the final 15 years of the amortization period, and 4% per year for all years prior to the final 15 years
Remaining amortization period	22 years
Asset valuation method	Expected value method which recognizes the difference between the expected value and the market value for total (realized and unrealized) investment gains/losses at the rate of 20% per year for each of the subsequent five years.
Actuarial assumptions: Investment rate of return	8% per year, compounded annually
Projected salary increases	4% per year, compounded annually, attributable to inflation. Additional projected salary increases based on years of service and age attributable to seniority and merit, and no post-retirement benefit increases.
Cost-of-living adjustments	None



NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specific purposes.

City Constable Court Costs Fund accounts for City Court cost fees collected from serving the execution of civil papers, garnishment fees and assessments required to maintain the City Constable's office.

Mosquito Abatement and Rodent Control Fund accounts for the special property tax levy required to cover the cost of controlling mosquitoes and rodents.

Library Board of Control Fund accounts for the special property tax levy required to fund the operation, maintenance and expansion of the East Baton Rouge Parish Library System.

Downtown Development District accounts for the special property tax levied within the district for education, planning, traffic, security, promotion and development of the district.

Gaming Enforcement Division Fund accounts for monies collected from the 5% bingo assessment fee collected for the purpose of funding the enforcement and administration of guidelines and regulations relative to the playing of charitable bingo by licensed organizations.

Animal Control Center Fund accounts for monies collected from services rendered in licensing and leashing of small animals.

Federal Forfeited Property Fund accounts for the cash proceeds received from federal seizures and forfeitures, as well as any interest earned on these funds, according to accounting guidelines of the U.S. Attorney General's Office.

East Baton Rouge Parish Communications District was created to provide citizens of East Baton Rouge Parish with Enhanced 911, a computer aided telephone dispatch system that processes incoming requests for emergency assistance, and provides instructions in first aid to the caller.

Emergency Medical Services Fund accounts for the special property tax levy required to maintain emergency medical services in East Baton Rouge Parish.

Fire Department Pay Enhancement Fund accounts for the special property tax levied within the City of Baton Rouge to fund increases in salaries and benefits for the City of Baton Rouge Municipal Fire personnel.

Consolidated Road Lighting District No. 1 accounts for the special property tax levy required to provide street and road lights within the district.

Parish Transportation Fund accounts for receipts from the State Shared Revenue-Parish Transportation Fund as authorized by the Louisiana Revised Statute 48:751 to be used primarily for road improvement and mass transit.

Continued

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

Parish Street Maintenance Fund accounts for the portion (40%) of the one-half of one percent sales tax levied for the sole purpose of public road and street repair within East Baton Rouge Parish.

Consolidated Garbage Service District No. 1 accounts for the special property tax levy required to maintain waste collection and disposal services for the parish rural area.

Grants Fund accounts for the receipts and disbursements of Federal and State grants.

Debt Service Funds

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

City Sales Tax Bonds Debt Service Fund accounts for sales tax revenues dedicated for the payment of principal and interest requirements of the 1992, 1992A, 1993, 1997, 1998A and 2001A Public Improvement Sales Tax Bonds of the City of Baton Rouge. Also accounts for the portion of the bonds issued for the purpose of advance refunding certain outstanding obligations of the City-Parish.

Parish Sales Tax Bonds Debt Service Fund accounts for sales tax revenues dedicated for the payment of principal and interest requirements of the 1998C Public Improvement Sales Tax Bonds of the Parish of East Baton Rouge. Also accounts for the portion of the bonds issued for the purpose of advance refunding certain outstanding obligations of the City-Parish.

State and Local Government Securities Debt Service Fund accounts for the portion of the 1997 City Sales Tax Revenue Bonds which were previously being paid from the 1997 Passenger Facility Charge Intergovernmental Obligation from the Greater Baton Rouge Airport District to the General Fund. The proceeds reserved for refunding of the 1997 note were placed in State and Local Government Series securities (SLGS), where they will be used to service the original 1997 City Bonds.

Taxable Refunding Bonds Debt Service Fund accounts for the payment of principal, interest, and related charges for the 2002A Fixed Rate Taxable Refunding Bonds and the 2002B Fixed Rate Taxable Refunding Bonds.

Excess Revenue and Limited Tax Fund accounts for transfers from the general fund, special revenue funds, and capital projects funds for payment of interest and principal redemption requirements of capital leases, contracts, loans, notes, and bonds that do not require a vote of the general public.



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003**

	Special Revenue				
	City Constable Court Costs	Mosquito Abatement and Rodent Control	Library Board of Control	Downtown Development District	Gaming Enforcement Division
ASSETS					
Cash and cash equivalents	\$ 23,964	\$ 336,339	\$ 15,573,802	\$ --	\$ 5,936
Investments	--	--	17,561,947	--	--
Property taxes receivable-net	--	241,586	2,271,762	98,149	--
Sales taxes receivable	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Accrued interest receivable	--	726	47,687	--	3
Due from other governments	--	1,997,783	18,786,174	242,113	--
U.S. Housing and Urban Development loans receivable	--	--	--	--	--
Total assets	\$ 23,964	\$ 2,576,434	\$ 54,241,372	\$ 340,262	\$ 5,939
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and contracts payable	\$ 11,984	\$ 7,990	\$ 724,737	\$ 5,707	\$ 141
Due to other funds	--	--	17,497,219	277,388	--
Due to other governments	--	--	--	--	--
Accrued salaries payable	11,980	43,292	402,093	11,356	2,038
Deferred revenue	--	90,499	851,013	12,430	--
Deposits and escrow accounts	--	--	--	--	--
Total liabilities	23,964	141,781	19,475,062	306,881	2,179
Fund balances:					
Reserved for:					
Encumbrances	--	100,129	142,136	--	--
U.S. Housing and Urban Development loans	--	--	--	--	--
Debt service - principal	--	--	--	--	--
Debt service - interest	--	--	--	--	--
Subsequent year expenditures	--	199,780	9,440,190	--	--
Continuing projects	--	334,359	--	--	--
Unreserved:					
Designated for solid waste collection and disposal	--	--	--	--	--
Undesignated	--	1,800,385	25,183,984	33,381	3,760
Total fund balances	--	2,434,653	34,766,310	33,381	3,760
Total liabilities and fund balances	\$ 23,964	\$ 2,576,434	\$ 54,241,372	\$ 340,262	\$ 5,939

The accompanying notes are an integral part of this statement.

Continued

Special Revenue

Animal Control Center	Federal Forfeited Property	E.B.R. Parish Communications District	Emergency Medical Services	B.R. Fire Department Pay Enhancement	Consolidated Road Lighting District No. 1	Parish Transportation
\$ 94,151	\$ 432,970	\$ 2,872,346	\$ 2,609,338	\$ --	\$ 2,088,362	\$ 2,531,493
--	--	--	2,942,445	--	--	2,854,663
--	--	--	614,563	801,780	56,195	--
--	--	--	--	--	--	--
--	--	--	1,031,910	--	--	--
37	524	3,490	8,973	--	2,751	6,686
9,000	--	361,157	5,082,081	5,943,964	533,434	303,124
--	--	--	--	--	--	--
<u>\$ 103,188</u>	<u>\$ 433,494</u>	<u>\$ 3,236,993</u>	<u>\$ 12,289,310</u>	<u>\$ 6,745,744</u>	<u>\$ 2,680,742</u>	<u>\$ 5,695,966</u>
\$ 8,881	\$ --	\$ 97,477	\$ 106,624	\$ 5,692	\$ 35,109	\$ 178,064
--	--	--	--	5,191,379	--	--
--	--	--	--	--	--	--
26,982	888	72,346	309,670	281,472	--	--
--	--	--	230,218	325,708	27,762	--
--	--	--	--	--	--	--
<u>35,863</u>	<u>888</u>	<u>169,823</u>	<u>646,512</u>	<u>5,804,251</u>	<u>62,871</u>	<u>178,064</u>
29,630	--	99,612	33,496	--	--	277,887
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	280,490	--	--	--	562,230
18,000	431,739	--	667,162	--	--	3,293,178
--	--	--	--	--	--	--
19,695	867	2,687,068	10,942,140	941,493	2,617,871	1,384,607
<u>67,325</u>	<u>432,606</u>	<u>3,067,170</u>	<u>11,642,798</u>	<u>941,493</u>	<u>2,617,871</u>	<u>5,517,902</u>
<u>\$ 103,188</u>	<u>\$ 433,494</u>	<u>\$ 3,236,993</u>	<u>\$ 12,289,310</u>	<u>\$ 6,745,744</u>	<u>\$ 2,680,742</u>	<u>\$ 5,695,966</u>

Continued

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	Special Revenue			Total
	Parish Street Maintenance	Consolidated Garbage Service District No. 1	Grants	
ASSETS				
Cash and cash equivalents	\$ 2,647,506	\$ 6,695,405	\$ 2,185,540	\$ 38,097,152
Investments	2,985,485	1,823,696	--	28,168,236
Property taxes receivable-net	--	514,105	--	4,598,140
Sales taxes receivable	1,296,575	--	--	1,296,575
Accounts receivable	--	434,186	--	1,466,096
Accrued interest receivable	7,179	11,507	3,607	93,170
Due from other governments	--	3,773,628	3,757,774	40,790,232
U.S. Housing and Urban Development loans receivable	--	--	4,187,675	4,187,675
Total assets	<u>\$ 6,936,745</u>	<u>\$ 13,252,527</u>	<u>\$ 10,134,596</u>	<u>\$ 118,697,276</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 1,014,186	\$ 809,959	\$ 1,007,998	\$ 4,014,549
Due to other funds	--	--	--	22,965,986
Due to other governments	128,817	--	674	129,491
Accrued salaries payable	--	--	538,278	1,700,395
Deferred revenue	--	232,082	2,192,223	3,961,935
Deposits and escrow accounts	--	--	259,300	259,300
Total liabilities	<u>1,143,003</u>	<u>1,042,041</u>	<u>3,998,473</u>	<u>33,031,656</u>
Fund balances:				
Reserved for:				
Encumbrances	2,005,222	--	48,531	2,736,643
U.S. Housing and Urban Development loans	--	--	4,187,675	4,187,675
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Subsequent year expenditures	377,440	651,510	--	11,511,640
Continuing projects	2,851,500	--	1,899,917	9,495,855
Unreserved:				
Designated for solid waste collection and disposal	--	11,558,976	--	11,558,976
Undesignated	559,580	--	--	46,174,831
Total fund balances	<u>5,793,742</u>	<u>12,210,486</u>	<u>6,136,123</u>	<u>85,665,620</u>
Total liabilities and fund balances	<u>\$ 6,936,745</u>	<u>\$ 13,252,527</u>	<u>\$ 10,134,596</u>	<u>\$ 118,697,276</u>

The accompanying notes are an integral part of this statement.

Debt Service

City Sales Tax Bonds	Parish Sales Tax Bonds	State and Local Government Securities	Taxable Refunding Bonds	Excess Revenue and Limited Tax	Total	Total Nonmajor Governmental Funds
\$ 3,650,061	\$ 156,996	\$ 3,341,070	\$ --	\$ --	\$ 7,148,127	\$ 45,245,279
18,331,707	566,927	--	--	--	18,898,634	47,066,870
--	--	--	--	--	--	4,598,140
--	--	--	--	--	--	1,296,575
--	--	--	--	--	--	1,466,096
265,913	7,772	--	--	--	273,685	366,855
--	--	--	--	--	--	40,790,232
--	--	--	--	--	--	4,187,675
<u>\$ 22,247,681</u>	<u>\$ 731,695</u>	<u>\$ 3,341,070</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 26,320,446</u>	<u>\$ 145,017,722</u>
\$ 618	\$ 4,394	\$ --	\$ --	\$ --	\$ 5,012	\$ 4,019,561
--	--	--	--	--	--	22,965,986
--	--	--	--	--	--	129,491
--	--	--	--	--	--	1,700,395
--	--	--	--	--	--	3,961,935
--	--	--	--	--	--	259,300
<u>618</u>	<u>4,394</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,012</u>	<u>33,036,668</u>
--	--	--	--	--	--	2,736,643
--	--	--	--	--	--	4,187,675
14,454,167	678,750	3,332,167	--	--	18,465,084	18,465,084
7,792,896	48,551	8,903	--	--	7,850,350	7,850,350
--	--	--	--	--	--	11,511,640
--	--	--	--	--	--	9,495,855
--	--	--	--	--	--	11,558,976
--	--	--	--	--	--	46,174,831
<u>22,247,063</u>	<u>727,301</u>	<u>3,341,070</u>	<u>--</u>	<u>--</u>	<u>26,315,434</u>	<u>111,981,054</u>
<u>\$ 22,247,681</u>	<u>\$ 731,695</u>	<u>\$ 3,341,070</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 26,320,446</u>	<u>\$ 145,017,722</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Special Revenue				
	City Constable Court Costs	Mosquito Abatement and Rodent Control	Library Board of Control	Downtown Development District	Gaming Enforcement Division
REVENUES					
Taxes:					
Property	\$ --	\$ 2,329,646	\$ 21,906,845	\$ 342,687	\$ --
Sales	--	--	--	--	--
Licenses and permits	--	--	--	--	--
Intergovernmental revenues	21,046	--	--	--	3,600
Charges for services	438,660	--	83,261	--	76,954
Fines and forfeits	69,023	--	348,408	--	--
Investment earnings	(88)	19,543	522,680	(803)	29
Miscellaneous revenues	1,500	15,137	3,904	32,870	--
Total revenues	<u>530,141</u>	<u>2,364,326</u>	<u>22,865,098</u>	<u>374,754</u>	<u>80,583</u>
EXPENDITURES					
Current:					
General government	608,058	--	--	--	75,125
Public safety	--	--	--	--	--
Transportation	--	--	--	--	--
Sanitation	--	--	--	--	--
Health and welfare	--	2,624,863	--	--	--
Culture and recreation	--	--	15,567,140	--	--
Conservation and development	--	--	--	415,013	--
Debt service:					
Principal retirement	--	--	--	--	--
Interest and fiscal charges	--	--	--	--	--
Bond issuance costs	--	--	--	--	--
Capital outlay	--	89,956	46,758	--	--
Intergovernmental	--	--	--	--	--
Total expenditures	<u>608,058</u>	<u>2,714,819</u>	<u>15,613,898</u>	<u>415,013</u>	<u>75,125</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(77,917)</u>	<u>(350,493)</u>	<u>7,251,200</u>	<u>(40,259)</u>	<u>5,458</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	84,000	--	--	--	--
Transfers out	(6,083)	(33,725)	(3,637,952)	(5,547)	(1,698)
Proceeds of capital asset disposition	--	21,515	6,231	7	--
Total other financing sources and uses	<u>77,917</u>	<u>(12,210)</u>	<u>(3,631,721)</u>	<u>(5,540)</u>	<u>(1,698)</u>
Net change in fund balances	--	(362,703)	3,619,479	(45,799)	3,760
Fund balances, January 1	--	2,797,356	31,146,831	79,180	--
Fund balances, December 31	<u>\$ --</u>	<u>\$ 2,434,653</u>	<u>\$ 34,766,310</u>	<u>\$ 33,381</u>	<u>\$ 3,760</u>

The accompanying notes are an integral part of this statement.

Continued

Special Revenue						
Animal Control Center	Federal Forfeited Property	E.B.R. Parish Communications District	Emergency Medical Services	B.R. Fire Department Pay Enhancement	Consolidated Road Lighting District No. 1	Parish Transportation
\$ --	\$ --	\$ --	\$ 5,926,292	\$ 7,163,462	\$ 606,551	\$ --
--	--	--	--	--	--	--
346,311	--	--	--	--	--	--
--	--	--	--	--	74,854	2,851,644
107,129	--	2,638,126	5,205,474	--	--	--
--	414,616	--	--	--	--	--
459	3,337	31,346	103,622	(22,817)	31,309	61,290
53,218	--	29	439,504	--	--	--
<u>507,117</u>	<u>417,953</u>	<u>2,669,501</u>	<u>11,674,892</u>	<u>7,140,645</u>	<u>712,714</u>	<u>2,912,934</u>
--	--	--	--	--	--	--
--	71,125	2,863,469	9,420,707	6,731,702	--	--
--	--	--	--	--	1,060,935	452,350
--	--	--	--	--	--	--
1,071,541	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
14,815	39,334	102,804	446,840	--	--	1,575,437
--	--	--	--	--	--	947,230
<u>1,086,356</u>	<u>110,459</u>	<u>2,966,273</u>	<u>9,867,547</u>	<u>6,731,702</u>	<u>1,060,935</u>	<u>2,975,017</u>
(579,239)	307,494	(296,772)	1,807,345	408,943	(348,221)	(62,083)
641,980	--	493,066	--	--	--	--
(20,877)	--	(36,467)	(1,197,224)	--	--	--
270	--	--	3,492	--	--	--
<u>621,373</u>	<u>--</u>	<u>456,599</u>	<u>(1,193,732)</u>	<u>--</u>	<u>--</u>	<u>--</u>
42,134	307,494	159,827	613,613	408,943	(348,221)	(62,083)
25,191	125,112	2,907,343	11,029,185	532,550	2,966,092	5,579,985
<u>\$ 67,325</u>	<u>\$ 432,606</u>	<u>\$ 3,067,170</u>	<u>\$ 11,642,798</u>	<u>\$ 941,493</u>	<u>\$ 2,617,871</u>	<u>\$ 5,517,902</u>

Continued

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Special Revenue			Total
	Parish Street Maintenance	Consolidated Garbage Service District No. 1	Grants	
REVENUES				
Taxes:				
Property	\$ --	\$ 4,445,545	\$ --	\$ 42,721,028
Sales	13,089,867	--	--	13,089,867
Licenses and permits	--	--	--	346,311
Intergovernmental revenues	--	782,990	35,013,602	38,747,736
Charges for services	--	5,812,575	--	14,362,179
Fines and forfeits	--	--	--	832,047
Investment earnings	74,355	124,516	27,850	976,628
Miscellaneous revenues	--	--	2,857,596	3,403,758
Total revenues	<u>13,164,222</u>	<u>11,165,626</u>	<u>37,899,048</u>	<u>114,479,554</u>
EXPENDITURES				
Current:				
General government	--	--	30,049	713,232
Public safety	--	--	2,614,243	21,701,246
Transportation	13,286,689	--	146,047	14,946,021
Sanitation	--	10,091,173	--	10,091,173
Health and welfare	--	--	1,573,092	5,269,496
Culture and recreation	--	--	110,247	15,677,387
Conservation and development	--	--	33,407,406	33,822,419
Debt service:				
Principal retirement	--	--	--	--
Interest and fiscal charges	--	--	--	--
Bond issuance costs	--	--	--	--
Capital outlay	--	--	2,518,856	4,834,800
Intergovernmental	--	--	--	947,230
Total expenditures	<u>13,286,689</u>	<u>10,091,173</u>	<u>40,399,940</u>	<u>108,003,004</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(122,467)</u>	<u>1,074,453</u>	<u>(2,500,892)</u>	<u>6,476,550</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	--	252,202	1,471,248
Transfers out	--	(1,079,530)	(372,821)	(6,391,924)
Proceeds of capital asset disposition	--	--	10,155	41,670
Total other financing sources and uses	<u>--</u>	<u>(1,079,530)</u>	<u>(110,464)</u>	<u>(4,879,006)</u>
Net change in fund balances	<u>(122,467)</u>	<u>(5,077)</u>	<u>(2,611,356)</u>	<u>1,597,544</u>
Fund balances, January 1	<u>5,916,209</u>	<u>12,215,563</u>	<u>8,747,479</u>	<u>84,068,076</u>
Fund balances, December 31	<u>\$ 5,793,742</u>	<u>\$ 12,210,486</u>	<u>\$ 6,136,123</u>	<u>\$ 85,665,620</u>

The accompanying notes are an integral part of this statement.

Debt Service

City Sales Tax Bonds	Parish Sales Tax Bonds	State and Local Government Securities	Taxable Refunding Bonds	Excess Revenue and Limited Tax	Total	Total Nonmajor Governmental Funds
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 42,721,028
14,858,518	628,620	--	--	--	15,487,138	28,577,005
--	--	--	--	--	--	346,311
--	--	--	--	--	--	38,747,736
--	--	--	--	--	--	14,362,179
--	--	--	--	--	--	832,047
701,198	21,044	175,384	1,879	--	899,505	1,876,133
--	--	--	--	--	--	3,403,758
<u>15,559,716</u>	<u>649,664</u>	<u>175,384</u>	<u>1,879</u>	<u>--</u>	<u>16,386,643</u>	<u>130,866,197</u>
--	--	--	--	--	--	713,232
--	--	--	--	--	--	21,701,246
--	--	--	--	--	--	14,946,021
--	--	--	--	--	--	10,091,173
--	--	--	--	--	--	5,269,496
--	--	--	--	--	--	15,677,387
--	--	--	--	--	--	33,822,419
9,210,000	505,000	--	2,115,000	2,299,770	14,129,770	14,129,770
6,274,835	144,747	--	2,611,218	74,191	9,104,991	9,104,991
--	--	--	354,959	--	354,959	354,959
--	--	--	--	--	--	4,834,800
--	--	--	--	--	--	947,230
<u>15,484,835</u>	<u>649,747</u>	<u>--</u>	<u>5,081,177</u>	<u>2,373,961</u>	<u>23,589,720</u>	<u>131,592,724</u>
74,881	(83)	175,384	(5,079,298)	(2,373,961)	(7,203,077)	(726,527)
--	--	--	4,125,186	2,373,961	6,499,147	7,970,395
--	--	(1,001,484)	--	--	(1,001,484)	(7,393,408)
--	--	--	--	--	--	41,670
--	--	(1,001,484)	4,125,186	2,373,961	5,497,663	618,657
74,881	(83)	(826,100)	(954,112)	--	(1,705,414)	(107,870)
22,172,182	727,384	4,167,170	954,112	--	28,020,848	112,088,924
<u>\$ 22,247,063</u>	<u>\$ 727,301</u>	<u>\$ 3,341,070</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 26,315,434</u>	<u>\$ 111,981,054</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 3

	Prior Years	Current Year	Total to Date	Project Authorization
REVENUES				
Taxes:				
General property taxes	\$ 3,835	\$ --	\$ 3,835	\$ 3,835
General sales and use taxes	92,027,723	17,665,971	109,693,694	108,717,860
Total taxes	<u>92,031,558</u>	<u>17,665,971</u>	<u>109,697,529</u>	<u>108,721,695</u>
Intergovernmental revenues:				
Federal grants:				
U. S. Federal Transit Authority	--	556,467	556,467	556,467
State grants:				
Department of Public Safety and Corrections	18,501,459	5,050,669	23,552,128	31,987,498
Department of Transportation and Development	12,178,472	1,589,938	13,768,410	14,278,699
Louisiana State Capital Outlay Bill	3,463,914	5,139,842	8,603,756	13,750,000
Department of Treasury	1,161,000	--	1,161,000	1,161,000
Pride Fire Protection District	10,353	--	10,353	10,353
E.B.R. Parish Sheriff	268,378	231,622	500,000	500,000
Total intergovernmental revenues	<u>35,583,576</u>	<u>12,568,538</u>	<u>48,152,114</u>	<u>62,244,017</u>
Charges for Services:				
District court civil and criminal fees	--	639,739	639,739	--
Investment earnings	13,702,553	1,036,859	14,739,412	13,710,785
Miscellaneous revenues:				
Interest earned on assessments	4,984	--	4,984	4,984
Lease of old pistol range land	325,000	--	325,000	325,000
Special assessments	31,332	22	31,354	31,332
Contributions from private business	919,509	249,309	1,168,818	890,869
Contributions from government agencies	24,138	--	24,138	12,637
Donations	278,360	--	278,360	278,360
Total miscellaneous revenues	<u>1,583,323</u>	<u>249,331</u>	<u>1,832,654</u>	<u>1,543,182</u>
Total revenues	<u>142,901,010</u>	<u>32,160,438</u>	<u>175,061,448</u>	<u>186,219,679</u>
EXPENDITURES				
Land	12,685,425	4,284,094	16,969,519	26,506,404
Buildings	53,012,351	8,421,346	61,433,697	79,906,489
Improvements other than buildings	109,247,289	32,585,558	141,832,847	205,978,111
Equipment	10,844,428	2,904,003	13,748,431	20,994,025
Other	345,204	--	345,204	338,933
Total expenditures	<u>186,134,697</u>	<u>48,195,001</u>	<u>234,329,698</u>	<u>333,723,962</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(43,233,687)</u>	<u>(16,034,563)</u>	<u>(59,268,250)</u>	<u>(147,504,283)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	119,653,119	20,535,918	140,189,037	140,189,037
Transfers out	(32,456,883)	(10,552,143)	(43,009,026)	(51,497,068)
Proceeds from long term debt	54,188,517	--	54,188,517	54,188,517
Increase in long term lease	4,763,584	--	4,763,584	4,763,584
Total other financing sources and uses	<u>146,148,337</u>	<u>9,983,775</u>	<u>156,132,112</u>	<u>147,644,070</u>
Net change in fund balances	<u>\$ 102,914,650</u>	<u>(6,050,788)</u>	<u>\$ 96,863,862</u>	<u>\$ 139,787</u>
Fund balances, January 1		102,914,650		
Fund balances, December 31		<u>\$ 96,863,862</u>		

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CITY CONSTABLE COURT COSTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 4

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
State shared revenues:				
On-behalf payments	\$ 28,800	\$ 21,100	\$ 21,046	\$ (54)
Charges for services:				
Judiciary court costs	440,000	375,000	349,882	(25,118)
School security fees	25,000	25,000	21,417	(3,583)
Constable bench warrant fees	60,620	60,620	43,711	(16,909)
Evidence testing	20,000	20,000	23,230	3,230
Service of eviction notices	5,000	5,000	420	(4,580)
Total charges for services	550,620	485,620	438,660	(46,960)
Fines and forfeits:				
City court forfeitures	25,000	25,000	69,023	44,023
Investment earnings				
	--	--	(88)	(88)
Miscellaneous revenues:				
Other income	--	--	1,500	1,500
Total revenues	604,420	531,720	530,141	(1,579)
EXPENDITURES				
Current:				
General government:				
Judicial	604,420	609,637	608,058	1,579
Excess (deficiency) of revenues over (under) expenditures	--	(77,917)	(77,917)	--
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	--	84,000	84,000	--
Transfers out:				
General Fund	--	(6,083)	(6,083)	--
Total other financing sources and uses	--	77,917	77,917	--
Net change in fund balances	--	--	--	--
Fund balances, January 1				
	--	--	--	--
Fund balances, December 31				
	\$ --	\$ --	\$ --	\$ --

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MOSQUITO ABATEMENT AND RODENT CONTROL SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 5

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General property taxes	\$ 2,154,380	\$ 2,154,380	\$ 2,329,646	\$ 175,266
Investment earnings	45,000	45,000	19,543	(25,457)
Miscellaneous revenues:				
Other income	20,000	20,000	15,137	(4,863)
Total revenues	<u>2,219,380</u>	<u>2,219,380</u>	<u>2,364,326</u>	<u>144,946</u>
EXPENDITURES				
Current:				
Health and welfare:				
Operations	2,310,860	2,877,135	2,624,863	252,272
Capital outlay	824,444	524,444	190,085	334,359
Total expenditures	<u>3,135,304</u>	<u>3,401,579</u>	<u>2,814,948</u>	<u>586,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(915,924)</u>	<u>(1,182,199)</u>	<u>(450,622)</u>	<u>731,577</u>
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	--	(33,725)	(33,725)	--
Proceeds of capital asset disposition	3,000	3,000	21,515	18,515
Total other financing sources and uses	<u>3,000</u>	<u>(30,725)</u>	<u>(12,210)</u>	<u>18,515</u>
Net change in fund balances	(912,924)	(1,212,924)	(462,832)	750,092
Fund balances, January 1	<u>2,797,356</u>	<u>2,797,356</u>	<u>2,797,356</u>	<u>--</u>
Fund balances, December 31	<u>\$ 1,884,432</u>	<u>\$ 1,584,432</u>	<u>\$ 2,334,524</u>	<u>\$ 750,092</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LIBRARY BOARD OF CONTROL SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 6

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General property taxes	\$ 19,570,000	\$ 19,570,000	\$ 21,906,845	\$ 2,336,845
Charges for services:				
Library - copy machine	80,000	80,000	83,261	3,261
Fines and forfeits:				
Fines	283,000	283,000	348,408	65,408
Investment earnings	743,000	743,000	522,680	(220,320)
Miscellaneous revenues:				
Donations	5,000	5,000	3,240	(1,760)
Other income	500	500	664	164
Total miscellaneous revenues	5,500	5,500	3,904	(1,596)
Total revenues	20,681,500	20,681,500	22,865,098	2,183,598
EXPENDITURES				
Current:				
Culture and recreation:				
Operations	16,746,519	16,508,567	15,683,953	824,614
Capital outlay	112,620	112,620	72,081	40,539
Total expenditures	16,859,139	16,621,187	15,756,034	865,153
Excess (deficiency) of revenues over (under) expenditures	3,822,361	4,060,313	7,109,064	3,048,751
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	--	(227,215)	(227,215)	--
Grants Fund	--	(10,737)	(10,737)	--
Capital Projects Fund	(3,400,000)	(3,400,000)	(3,400,000)	--
Total transfers out	(3,400,000)	(3,637,952)	(3,637,952)	--
Proceeds of capital asset disposition	--	--	6,231	6,231
Total other financing sources and uses	(3,400,000)	(3,637,952)	(3,631,721)	6,231
Net change in fund balances	422,361	422,361	3,477,343	3,054,982
Fund balances, January 1	31,146,831	31,146,831	31,146,831	--
Fund balances, December 31	\$ 31,569,192	\$ 31,569,192	\$ 34,624,174	\$ 3,054,982

The accompanying notes are an integral part of this statement.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DOWNTOWN DEVELOPMENT DISTRICT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

EXHIBIT C - 7

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General property taxes	\$ 351,000	\$ 351,000	\$ 342,687	\$ (8,313)
Investment earnings	(5,500)	(5,500)	(803)	4,697
Miscellaneous revenues:				
Donations	16,360	31,360	32,870	1,510
Total revenues	361,860	376,860	374,754	(2,106)
EXPENDITURES				
Current:				
Conservation and development: Operations	387,983	407,436	415,013	(7,577)
Excess (deficiency) of revenues over (under) expenditures	(26,123)	(30,576)	(40,259)	(9,683)
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	--	(5,547)	(5,547)	--
Proceeds of capital asset disposition	--	--	7	7
Total other financing sources and uses	--	(5,547)	(5,540)	7
Net change in fund balances	(26,123)	(36,123)	(45,799)	(9,676)
Fund balances, January 1	79,180	79,180	79,180	--
Fund balances, December 31	<u>\$ 53,057</u>	<u>\$ 43,057</u>	<u>\$ 33,381</u>	<u>\$ (9,676)</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GAMING ENFORCEMENT DIVISION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 8

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
State shared revenues:				
On-behalf payments	\$ 3,600	\$ 3,600	\$ 3,600	\$ --
Charges for services:				
Gaming fees	72,750	72,750	76,954	4,204
Investment earnings	--	--	29	29
Total revenues	76,350	76,350	80,583	4,233
EXPENDITURES				
Current:				
General government:				
Operations	76,350	74,652	75,125	(473)
Excess (deficiency) of revenues over (under) expenditures	--	1,698	5,458	3,760
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	--	(1,698)	(1,698)	--
Net change in fund balances	--	--	3,760	3,760
Fund balances, January 1	--	--	--	--
Fund balances, December 31	\$ --	\$ --	\$ 3,760	\$ 3,760

The accompanying notes are an integral part of this statement.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ANIMAL CONTROL CENTER SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

EXHIBIT C - 9

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits:				
Licenses	\$ 338,000	\$ 338,000	\$ 346,311	\$ 8,311
Charges for services:				
Shelter income	59,940	59,940	69,795	9,855
Outside sales	15,000	15,000	12,665	(2,335)
Veterinary services	30,000	30,000	24,669	(5,331)
Total charges for services	104,940	104,940	107,129	2,189
Investment earnings	1,200	1,200	459	(741)
Miscellaneous revenues:				
Contributions from government agencies	44,000	44,000	9,167	(34,833)
Donations	-	14,500	44,051	29,551
Total miscellaneous revenues	44,000	58,500	53,218	(5,282)
Total revenues	488,140	502,640	507,117	4,477
EXPENDITURES				
Current:				
Health and welfare:				
Operations	1,037,570	1,064,493	1,071,541	(7,048)
Capital outlay	10,613	77,363	44,445	32,918
Total expenditures	1,048,183	1,141,856	1,115,986	25,870
Excess (deficiency) of revenues over (under) expenditures	(560,043)	(639,216)	(608,869)	30,347
OTHER FINANCING SOURCES				
Transfers in:				
General Fund	549,430	641,980	641,980	-
Transfers out:				
General Fund	-	(20,877)	(20,877)	-
Proceeds of capital asset disposition	-	-	270	270
Total other financing sources	549,430	621,103	621,373	270
Net change in fund balances	(10,613)	(18,113)	12,504	30,617
Fund balances, January 1	25,191	25,191	25,191	-
Fund balances, December 31	\$ 14,578	\$ 7,078	\$ 37,695	\$ 30,617

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FEDERAL FORFEITED PROPERTY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 10

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeits:				
Forfeited property	\$ 62,500	\$ 414,616	\$ 414,616	\$ --
Investment earnings	--	2,470	3,337	867
Total revenues	<u>62,500</u>	<u>417,086</u>	<u>417,953</u>	<u>867</u>
EXPENDITURES				
Current:				
Public safety:				
Dedicated funds	65,419	128,834	71,125	57,709
Capital outlay	--	413,364	39,334	374,030
Total expenditures	<u>65,419</u>	<u>542,198</u>	<u>110,459</u>	<u>431,739</u>
Excess (deficiency) of revenues over (under) expenditures	(2,919)	(125,112)	307,494	432,606
Fund balances, January 1	<u>125,112</u>	<u>125,112</u>	<u>125,112</u>	--
Fund balances, December 31	<u>\$ 122,193</u>	<u>\$ --</u>	<u>\$ 432,606</u>	<u>\$ 432,606</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 11

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services:				
Enhanced 911	\$ 2,801,000	\$ 2,801,000	\$ 2,638,126	\$ (162,874)
Investment earnings	--	--	31,346	31,346
Miscellaneous revenues:				
Other income	--	--	29	29
Total revenues	<u>2,801,000</u>	<u>2,801,000</u>	<u>2,669,501</u>	<u>(131,499)</u>
EXPENDITURES				
Current:				
Public safety:				
Communications	3,130,140	3,107,295	2,884,664	222,631
Capital outlay	195,000	181,378	181,221	157
Total expenditures	<u>3,325,140</u>	<u>3,288,673</u>	<u>3,065,885</u>	<u>222,788</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(524,140)</u>	<u>(487,673)</u>	<u>(396,384)</u>	<u>91,289</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Emergency Medical Services Fund	524,140	524,140	493,066	(31,074)
Transfers out:				
General Fund	--	(36,467)	(36,467)	--
Total other financing sources and uses	<u>524,140</u>	<u>487,673</u>	<u>456,599</u>	<u>(31,074)</u>
Net change in fund balances	--	--	60,215	60,215
Fund balances, January 1	2,907,343	2,907,343	2,907,343	--
Fund balances, December 31	<u>\$ 2,907,343</u>	<u>\$ 2,907,343</u>	<u>\$ 2,967,558</u>	<u>\$ 60,215</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 12

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General property taxes	\$ 5,483,560	\$ 5,483,560	\$ 5,926,292	\$ 442,732
Charges for services:				
Emergency transport charges	4,752,000	4,752,000	5,205,474	453,474
Investment earnings	148,670	148,670	103,622	(45,048)
Miscellaneous revenues:				
Other income	25,950	25,950	439,504	413,554
Total revenues	<u>10,410,180</u>	<u>10,410,180</u>	<u>11,674,892</u>	<u>1,264,712</u>
EXPENDITURES				
Current:				
Public safety:				
Operations	10,233,940	9,695,334	9,454,203	241,131
Capital outlay	513,424	872,872	446,840	426,032
Total expenditures	<u>10,747,364</u>	<u>10,568,206</u>	<u>9,901,043</u>	<u>667,163</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(337,184)</u>	<u>(158,026)</u>	<u>1,773,849</u>	<u>1,931,875</u>
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	--	(179,158)	(179,158)	--
East Baton Rouge Parish Communications District	(524,140)	(524,140)	(493,066)	31,074
Capital Projects Fund	--	(525,000)	(525,000)	--
Total transfers out	<u>(524,140)</u>	<u>(1,228,298)</u>	<u>(1,197,224)</u>	<u>31,074</u>
Proceeds of capital asset disposition	--	--	3,492	3,492
Total other financing sources and uses	<u>(524,140)</u>	<u>(1,228,298)</u>	<u>(1,193,732)</u>	<u>34,566</u>
Net change in fund balances	(861,324)	(1,386,324)	580,117	1,966,441
Fund balances, January 1	<u>11,029,185</u>	<u>11,029,185</u>	<u>11,029,185</u>	<u>--</u>
Fund balances, December 31	<u>\$ 10,167,861</u>	<u>\$ 9,642,861</u>	<u>\$ 11,609,302</u>	<u>\$ 1,966,441</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BATON ROUGE FIRE DEPARTMENT PAY ENHANCEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 13

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General property taxes	\$ 6,499,270	\$ 6,499,270	\$ 7,163,462	\$ 664,192
Investment earnings	(175,000)	(175,000)	(22,817)	152,183
Total revenues	6,324,270	6,324,270	7,140,645	816,375
EXPENDITURES				
Current:				
Public safety:				
Operations	6,324,270	6,776,940	6,731,702	45,238
Excess (deficiency) of revenues over (under) expenditures	--	(452,670)	408,943	861,613
Fund balances, January 1	532,550	532,550	532,550	--
Fund balances, December 31	\$ 532,550	\$ 79,880	\$ 941,493	\$ 861,613

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CONSOLIDATED ROAD LIGHTING DISTRICT NO. 1 SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 14

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General property taxes	\$ 546,350	\$ 546,350	\$ 606,551	\$ 60,201
Intergovernmental revenues:				
State shared revenues:				
Louisiana revenue sharing	74,070	74,070	74,854	784
Investment earnings	40,000	40,000	31,309	(8,691)
Total revenues	660,420	660,420	712,714	52,294
EXPENDITURES				
Current:				
Transportation:				
Operations	1,160,420	1,160,420	1,060,935	99,485
Excess (deficiency) of revenues over (under) expenditures	(500,000)	(500,000)	(348,221)	151,779
Fund balances, January 1	2,966,092	2,966,092	2,966,092	--
Fund balances, December 31	<u>\$ 2,466,092</u>	<u>\$ 2,466,092</u>	<u>\$ 2,617,871</u>	<u>\$ 151,779</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARISH TRANSPORTATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 15

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
State shared revenues:				
State road fund	\$ 2,500,000	\$ 2,500,000	\$ 2,851,644	\$ 351,644
Investment earnings	90,000	90,000	61,290	(28,710)
Total revenues	<u>2,590,000</u>	<u>2,590,000</u>	<u>2,912,934</u>	<u>322,934</u>
EXPENDITURES				
Current:				
Transportation:				
Operations	1,435,481	1,435,481	552,250	883,231
Capital outlay	4,846,602	4,846,602	1,753,424	3,093,178
Intergovernmental	947,230	947,230	947,230	--
Total expenditures	<u>7,229,313</u>	<u>7,229,313</u>	<u>3,252,904</u>	<u>3,976,409</u>
Excess (deficiency) of revenues over (under) expenditures	(4,639,313)	(4,639,313)	(339,970)	4,299,343
Fund balances, January 1	5,579,985	5,579,985	5,579,985	--
Fund balances, December 31	<u>\$ 940,672</u>	<u>\$ 940,672</u>	<u>\$ 5,240,015</u>	<u>\$ 4,299,343</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARISH STREET MAINTENANCE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 16

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General sales and use taxes	\$ 12,731,370	\$ 12,731,370	\$ 13,089,867	\$ 358,497
Investment earnings	60,000	60,000	74,355	14,355
Total revenues	12,791,370	12,791,370	13,164,222	372,852
EXPENDITURES				
Current:				
Transportation:				
Street maintenance	18,330,134	18,330,134	15,291,911	3,038,223
Excess (deficiency) of revenues over (under) expenditures	(5,538,764)	(5,538,764)	(2,127,689)	3,411,075
Fund balances, January 1	5,916,209	5,916,209	5,916,209	--
Fund balances, December 31	\$ 377,445	\$ 377,445	\$ 3,788,520	\$ 3,411,075

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CONSOLIDATED GARBAGE SERVICE DISTRICT NO. 1 SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 17

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General property taxes	\$ 4,029,700	\$ 4,214,700	\$ 4,445,545	\$ 230,845
Intergovernmental revenues:				
State shared revenues:				
Louisiana revenue sharing	750,900	750,900	782,990	32,090
Charges for services:				
Solid waste user fees	5,650,600	5,650,600	5,812,575	161,975
Investment earnings	200,000	200,000	124,516	(75,484)
Total revenues	10,631,200	10,816,200	11,165,626	349,426
EXPENDITURES				
Current:				
Sanitation:				
Operations	9,907,020	10,092,020	10,091,173	847
Excess (deficiency) of revenues over (under) expenditures	724,180	724,180	1,074,453	350,273
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	(1,079,530)	(1,079,530)	(1,079,530)	--
Net change in fund balances	(355,350)	(355,350)	(5,077)	350,273
Fund balances, January 1	12,215,563	12,215,563	12,215,563	--
Fund balances, December 31	\$ 11,860,213	\$ 11,860,213	\$ 12,210,486	\$ 350,273

The accompanying notes are an integral part of this statement.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GRANTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

EXHIBIT C - 18

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Federal grants:				
Federal Emergency Management Agency	\$ 139,762	\$ 139,762	\$ 139,762	\$ --
Department of Justice	1,977,322	2,249,614	787,225	(1,462,389)
Office of National Drug Control Policy	6,624	6,624	--	(6,624)
Department of Transportation	6,001	6,001	5,775	(226)
Department of the Interior	9,000	9,000	2,767	(6,233)
Department of Health and Human Services	9,135,366	9,301,502	8,947,576	(353,926)
Department of Housing and Urban Development	36,997,396	37,291,848	13,494,741	(23,797,107)
Department of Agriculture	137,823	137,823	137,823	--
Environmental Protection Agency	513,178	513,178	67,183	(445,995)
State grants:				
Highway Safety Commission	127,788	115,394	61,326	(54,068)
Commission on Law Enforcement	748,011	720,402	453,003	(267,399)
Department of Military Affairs	3,353,129	3,324,077	1,165,835	(2,158,242)
Department of Public Safety and Corrections	606,260	1,367,704	384,660	(983,044)
Office of the Governor	1,620,165	1,613,177	80,208	(1,532,969)
Louisiana State Supreme Court	88,530	92,065	68,502	(23,563)
Department of Revenue	39,743	39,743	19,743	(20,000)
Department of Transportation and Development	274,746	274,746	52,090	(222,656)
Louisiana State Capital Outlay Bill	15,000	15,000	15,000	--
Louisiana Housing Finance Agency	1,324,359	1,059,921	654,134	(405,787)
Department of Culture, Recreation and Tourism	185,882	185,882	92,113	(93,769)
Department of Social Services	860,746	868,528	366,221	(502,307)
Department of Labor	12,580,620	11,719,501	6,024,201	(5,695,300)
Department of Environmental Quality	99,990	99,990	81,626	(18,364)
Department of Agriculture	60,000	58,370	40,037	(18,333)
Department of Education	2,326,311	2,329,530	1,710,005	(619,525)
Department of Economic Development	30,000	30,000	3,198	(26,802)
Other grants:				
Capital Region Planning Commission	75,009	75,009	27,672	(47,337)
Entergy	36,813	36,813	36,508	(305)
Pennington Foundation	50,000	50,000	32,498	(17,502)
Summerlee Foundation	2,207	2,207	1,711	(496)
North Baton Rouge Chemical Industry Task Force	13,500	13,500	12,025	(1,475)
State Farm Insurance Company	20,000	20,000	20,000	--
Arts Council of Greater Baton Rouge	17,366	17,366	8,450	(8,916)
Capital Area United Way	19,984	19,984	19,984	--
Total intergovernmental revenues	73,498,631	73,804,261	35,013,602	(38,790,659)
Investment earnings	--	3,773	27,850	24,077
Miscellaneous revenues:				
Program income (Housing and Urban Development)	1,163,943	819,793	819,793	--
Condemnations (Housing and Urban Development)	--	163	163	--
Headstart - in kind contributions	1,995,331	2,037,640	2,037,640	--
Total miscellaneous revenues	3,159,274	2,857,596	2,857,596	--
Total revenues	76,657,905	76,665,630	37,899,048	(38,766,582)

The accompanying notes are an integral part of this statement.

Continued

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GRANTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

EXHIBIT C - 18
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Current:				
General government:				
City Constable - Bulletproof Vest Grant	\$ 1,826	\$ --	\$ --	\$ --
National Spatial Data Infrastructure Program	9,000	9,000	2,767	6,233
Governor's Safe and Drug Free Schools and Communities	24,592	24,592	7,904	16,688
City Court Volunteers in the Court	--	(54)	(54)	--
City Constable - DARE	31,597	31,597	18,426	13,171
City Constable Electronic Equipment	1,006	1,006	1,006	--
Total general government	68,021	66,141	30,049	36,092
Public safety:				
Assistance to Firefighters	199,660	199,660	199,660	--
Local Law Enforcement Block Grant	273,039	842,016	365,500	476,516
Drug-free Communities	211,972	211,972	80,128	131,844
Domestic Preparedness Equipment Program	235,500	235,500	205,086	30,414
Project Sentry	300,000	299,502	55,189	244,313
Personal Protective Equipment Grant	24,750	24,750	24,688	62
Project Safe Neighborhoods	144,923	144,923	79,926	64,997
Police Intelligence Technology Grant	1,600	1,600	1,500	100
Police Bulletproof Vest Program	11,386	11,386	11,386	--
Community Prosecution and Project Safe Neighborhoods	250,000	250,000	29,425	220,575
Project Safe Neighborhoods Community Outreach Program	285,000	285,000	--	285,000
First Responder Training	6,001	6,001	5,775	226
Metropolitan Medical Response System	421,725	357,098	177,199	179,899
Ecstasy and Club Drug Infrastructure Development	315,669	315,669	271,022	44,647
Medical Reserve Corps	50,000	50,000	--	50,000
High Intensity Drug Trafficking Area	6,624	6,624	--	6,624
Rural Development Grant	25,000	44,990	44,990	--
Governor's Safe and Drug-free Schools and Community	50,573	43,595	27,315	16,280
State and Local Domestic Preparedness Equipment Program	506,260	959,937	297,343	662,594
Domestic Preparedness Equipment Grant: Urban Search and Rescue Funding	100,000	56,632	28,667	27,965
Tropical Storm Isidore	417	417	417	--
Hurricane Lili	3,496	(556)	(556)	--
Community Emergency Response Team Grant	16,412	16,412	16,412	--
Hurricane Lili-Tropical Storm Isidore Hazard Mitigation Plan	37,500	37,500	--	37,500
Enhanced Hazardous Materials Grant	3,250	3,250	3,250	--
Hazardous Materials Emergency Preparedness Grant	5,071	5,071	5,071	--
Citizen Corps Council	1,000	1,000	920	80
Supplemental Planning Grant	6,000	6,000	2,154	3,846
Regional Planning Grant	125,356	125,356	33,977	91,379
Regional Bioterrorism and Emergency Response Planning	60,000	60,000	--	60,000
Families In Need of Services	118,910	110,566	74,794	35,772
Juvenile and Underage Drinking Enforcement Task Force	39,743	39,743	19,743	20,000
Drug Abuse Resistance Education	86,024	85,261	49,922	35,339
City Court Electronic Equipment Enhancement	1,006	1,006	1,006	--
Juvenile Accountability Incentive Block Grant	595,513	560,685	320,628	240,057
Integrated Criminal Apprehension Project	123,222	123,222	123,222	--
Reduce Underage Drinking	61,903	61,898	32,102	29,796
Operation Crossroads	71,628	59,238	31,407	27,831
Shelter-in-Place Educational Partnership	13,500	13,500	12,025	1,475

The accompanying notes are an integral part of this statement.

Continued

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GRANTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

EXHIBIT C - 18
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Current (continued):				
Public safety (continued):				
Pennington Foundation Grants	\$ 50,000	\$ 50,000	\$ 32,499	\$ 17,501
Non-grant funds:				
Multi-Jurisdictional Investigative Narcotics Task Force Program Income	156,872	160,402	22,909	137,493
Total public safety	<u>4,996,505</u>	<u>5,866,826</u>	<u>2,686,701</u>	<u>3,180,125</u>
Transportation:				
Street Name Sign Program	274,746	274,746	52,090	222,656
East Baton Rouge Flood Property Acquisition	173,073	173,073	46,285	126,788
Capital Region Planning Commission Transportation Planning Study	20,000	37,672	27,672	10,000
State Farm Intersection - Highland at Lee	20,000	20,000	20,000	--
Total transportation	<u>487,819</u>	<u>505,491</u>	<u>146,047</u>	<u>359,444</u>
Health and welfare:				
Summer Food Program	885,527	883,219	883,219	--
Tropical Storm Isidore-Hurricane Lili Mosquito Control	97,640	97,640	97,640	--
Low Income Housing Energy Assistance Program	707,201	572,723	486,239	86,484
Temporary Assistance to Needy Families	19,800	22,770	11,472	11,298
Federal Emergency Management Agency Emergency Shelter	19,984	19,984	19,984	--
Summerlee Foundation Grant	2,207	2,207	1,711	496
Non-grant funds:				
Health Insurance	--	--	(468)	468
Weatherization Assistance Program	640	640	--	640
Low Income Housing Energy Assistance Program	61,430	85,776	85,649	127
Summer Food Program	5,780	5,780	418	5,362
Temporary Assistance to Needy Families	96,660	96,660	--	96,660
Other	67,238	--	--	--
Total health and welfare	<u>1,964,107</u>	<u>1,787,399</u>	<u>1,585,864</u>	<u>201,535</u>
Culture and recreation:				
State Aid to Public Libraries	183,557	183,557	92,113	91,444
Early Childhood Collection Grant	2,325	2,325	--	2,325
Decentralized Arts Funding Grant	39,957	39,957	18,134	21,823
Total culture and recreation	<u>225,839</u>	<u>225,839</u>	<u>110,247</u>	<u>115,592</u>
Conservation and development:				
Environmental Protection Agency Brownsfield Pilot Program	507,560	513,178	122,773	390,405
Section 8 Operating Reserve	125,427	125,427	--	125,427
Sharlo Terrace II	665,336	673,521	329,909	343,612
MOD I Section 8 Rehabilitation	47,280	47,280	--	47,280
MOD III Section 8 Rehabilitation	2,007	2,007	--	2,007
MOD IV Section 8 Rehabilitation	1,507,016	1,528,445	485,897	1,042,548
Section 8 Certificate Program	633,761	633,761	--	633,761
Section 8 Voucher Program	486,395	707,313	681,503	25,810
Downtown Parking Structure Feasibility Study	143,347	143,347	99,225	44,122
Headstart	8,300,392	8,227,652	8,227,652	--
Urban Forestry Educational Enhancement	40,000	40,000	21,667	18,333

The accompanying notes are an integral part of this statement.

Continued

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GRANTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

EXHIBIT C - 18
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Current (continued):				
Conservation and development (continued):				
Urban Forestry Management and Greenspace Plan	\$ 20,000	\$ 18,370	\$ 18,370	\$ --
Headstart Food Program	1,440,784	1,432,955	813,430	619,525
Community Services Block Grant:				
Administration and Outreach	2,193,131	2,266,330	1,017,342	1,248,988
State Discretionary	6,550	15	--	15
McKinley High Renovations	1,500,000	1,500,000	--	1,500,000
Louisiana Job Employment Training	653,535	514,787	223,066	291,721
Community Development Emergency Shelter Grants	207,211	349,686	140,871	208,815
Emergency Shelter Grants	5,365	5,365	--	5,365
Flood Mitigation Assistance Program - Commercial				
Floodproofing	24,000	(1,000)	(1,000)	--
East Baton Rouge Parish Elevation Project	3,950	12,429	12,429	--
USTfields Pilot Program	15,000	15,000	3,876	11,124
Blight Elimination Grant	9,990	9,990	2,750	7,240
Workforce Investment Act:				
Administration	1,026,340	1,014,939	478,720	536,219
Adult Program	2,518,669	2,486,697	1,820,040	666,657
Youth Program	3,140,611	3,009,599	1,334,824	1,674,775
Dislocated Workers Program	2,767,381	2,683,188	1,323,279	1,359,909
Tropical Storm Allison	992,987	148,964	148,964	--
Weatherization Assistance Program	387,358	244,128	45,183	198,945
Community Development - Metro Share Grant	210,000	210,000	112,840	97,160
Small and Emerging Business Development Program	30,000	30,000	3,198	26,802
Gulf States Emergency Management	36,813	31,676	31,371	305
Non-grant funds:				
Headstart Programs	33,541	31,361	(1,356)	32,717
Childhood Learning Centers Food Program	810	810	--	810
Rental Rehabilitation Local Funds	410,673	453,250	--	453,250
Head Start - In Kind Services	1,995,331	2,037,640	2,037,640	--
Louisiana Job Employment Training	91,558	91,558	1	91,557
Downtown Visitors Amenity Plan	30,000	30,000	30,000	--
Urban/Economic Development Program:				
Program Administration	19,845	--	--	--
Contingencies	26,364	--	--	--
Community Development Block Grant:				
Public Improvements, Facilities	96,094	96,094	--	96,094
Demolition and Clearance	366,060	366,060	179,344	186,716
Public Services	2,303,521	2,270,591	665,503	1,605,088
Relocation Assistance	35,000	35,000	--	35,000
Housing Rehabilitation	7,428,003	7,964,871	4,502,569	3,462,302
Economic Development	168,291	168,291	46,537	121,754
Planning	10,000	10,000	--	10,000
Program Administration	3,528,691	3,260,085	1,415,498	1,844,587
Contingencies	340,599	225,874	--	225,874
Community Development Home Program:				
Construction of Housing	56,488	56,488	--	56,488
Direct Home Ownership Assistance	5,557,779	5,557,779	1,854,347	3,703,432
Housing Rehabilitation	1,187,579	1,187,579	--	1,187,579
Program Administration	1,405,241	1,495,732	438,574	1,057,158
Community Housing Development Organization	2,113,191	2,113,191	228,804	1,884,387

The accompanying notes are an integral part of this statement.

Continued

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GRANTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

EXHIBIT C - 18
(Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Current (continued):				
Conservation and development (continued):				
Continuum of Care - Supportive Housing Program:				
Public Services	\$ 3,564,744	\$ 3,428,481	\$ 1,520,867	\$ 1,907,614
Program Administration	208,070	201,097	89,647	111,450
Housing Opportunities for Persons with AIDS Program:				
Public Services	1,185,568	1,185,568	795,496	390,072
Program Administration	29,970	29,970	29,970	--
Total conservation and development	61,841,207	60,922,419	31,331,620	29,590,799
Capital outlay	9,147,359	8,961,405	3,868,637	5,092,768
Total expenditures	78,730,857	78,335,520	39,759,165	38,576,355
Excess (deficiency) of revenues over (under) expenditures	(2,072,952)	(1,669,890)	(1,860,117)	(190,227)
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	--	184,804	184,804	--
Library Board of Control Fund	10,737	10,737	10,737	--
Capital Projects Fund	56,661	56,661	56,661	--
Total transfers in	67,398	252,202	252,202	--
Transfers out:				
General Fund	173,092	(372,821)	(372,821)	--
Proceeds of capital asset disposition	2,180	10,155	10,155	--
Total other financing sources and uses	242,670	(110,464)	(110,464)	--
Net change in fund balances	(1,830,282)	(1,780,354)	(1,970,581)	(190,227)
Fund balances, January 1	1,947,076	1,947,076	1,947,076	--
Fund balances, December 31	\$ 116,794	\$ 166,722	\$ (23,505)	\$ (190,227)

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CITY SALES TAX BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 19

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General sales and use taxes	\$ 14,963,380	\$ 14,963,380	\$ 14,858,518	\$ (104,862)
Investment earnings	601,080	601,080	701,198	100,118
Total revenues	<u>15,564,460</u>	<u>15,564,460</u>	<u>15,559,716</u>	<u>(4,744)</u>
EXPENDITURES				
Debt service:				
Principal:				
Bond principal	9,210,000	9,210,000	9,210,000	--
Interest and fiscal charges:				
Bond interest	6,272,560	6,272,560	6,272,549	11
Paying agent fees	7,000	7,000	2,286	4,714
Total interest and fiscal charges	<u>6,279,560</u>	<u>6,279,560</u>	<u>6,274,835</u>	<u>4,725</u>
Total expenditures	<u>15,489,560</u>	<u>15,489,560</u>	<u>15,484,835</u>	<u>4,725</u>
Excess (deficiency) of revenues over (under) expenditures	74,900	74,900	74,881	(19)
Fund balances, January 1	22,172,182	22,172,182	22,172,182	--
Fund balances, December 31	<u>\$ 22,247,082</u>	<u>\$ 22,247,082</u>	<u>\$ 22,247,063</u>	<u>\$ (19)</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARISH SALES TAX BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 20

	Budgeted Amounts		Actual Amounts Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General sales and use taxes	\$ 638,940	\$ 642,690	\$ 628,620	\$ (14,070)
Investment earnings	14,700	14,700	21,044	6,344
Total revenues	<u>653,640</u>	<u>657,390</u>	<u>649,664</u>	<u>(7,726)</u>
EXPENDITURES				
Debt service:				
Principal:				
Bond principal	505,000	505,000	505,000	--
Interest and fiscal charges:				
Bond interest	136,730	136,730	136,723	7
Paying agent fees	12,000	15,750	8,024	7,726
Total interest and fiscal charges	<u>148,730</u>	<u>152,480</u>	<u>144,747</u>	<u>7,733</u>
Total expenditures	<u>653,730</u>	<u>657,480</u>	<u>649,747</u>	<u>7,733</u>
Excess (deficiency) of revenues over (under) expenditures	(90)	(90)	(83)	7
Fund balances, January 1	<u>727,384</u>	<u>727,384</u>	<u>727,384</u>	<u>--</u>
Fund balances, December 31	<u>\$ 727,294</u>	<u>\$ 727,294</u>	<u>\$ 727,301</u>	<u>\$ 7</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE AND LOCAL GOVERNMENT SECURITIES DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 21

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 175,380	\$ 175,380	\$ 175,384	\$ 4
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	<u>(1,001,410)</u>	<u>(1,001,410)</u>	<u>(1,001,484)</u>	<u>(74)</u>
Net change in fund balances	(826,030)	(826,030)	(826,100)	(70)
Fund balances, January 1	<u>4,167,170</u>	<u>4,167,170</u>	<u>4,167,170</u>	<u>--</u>
Fund balances, December 31	<u>\$ 3,341,140</u>	<u>\$ 3,341,140</u>	<u>\$ 3,341,070</u>	<u>\$ (70)</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TAXABLE REFUNDING BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 22

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 12,000	\$ 1,300	\$ 1,879	\$ 579
EXPENDITURES				
Debt service:				
Principal:				
Bond principal	1,613,080	2,115,000	2,115,000	--
Interest and fiscal charges:				
Bond interest	3,214,070	2,580,171	2,577,997	2,174
Paying agent fees	108,370	34,965	33,221	1,744
Total interest and fiscal charges	3,322,440	2,615,136	2,611,218	3,918
Bond issuance costs	--	385,000	354,959	30,041
Total expenditures	4,935,520	5,115,136	5,081,177	33,959
Excess (deficiency) of revenues over (under) expenditures	(4,923,520)	(5,113,836)	(5,079,298)	34,538
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	5,265,350	4,178,990	4,125,186	(53,804)
Net change in fund balances	341,830	(934,846)	(954,112)	(19,266)
Fund balances, January 1	954,112	954,112	954,112	--
Fund balances, December 31	<u>\$ 1,295,942</u>	<u>\$ 19,266</u>	<u>\$ --</u>	<u>\$ (19,266)</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EXCESS REVENUE AND LIMITED TAX DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C - 23

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service:				
Principal:				
Bond principal	\$ 1,815,500	\$ 2,253,945	\$ 2,253,945	\$ --
Interest and fiscal charges:				
Bond interest	205,990	201,490	70,983	130,507
Total expenditures	<u>2,021,490</u>	<u>2,455,435</u>	<u>2,324,928</u>	<u>130,507</u>
OTHER FINANCING SOURCES				
Transfers in:				
General Fund	521,490	521,490	390,983	(130,507)
Capital Projects Fund	1,500,000	1,933,945	1,933,945	--
Total other financing sources	<u>2,021,490</u>	<u>2,455,435</u>	<u>2,324,928</u>	<u>(130,507)</u>
Net change in fund balances	--	--	--	--
Fund balances, January 1	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances, December 31	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

NONMAJOR ENTERPRISE FUNDS

Enterprise funds account for operations: (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Riverside Centroplex Fund accounts for the operation of a cultural and entertainment center composed of an arena, exhibition hall and theater of performing arts. Principal revenues of the fund are rents, commissions and governmental subsidies.

Greater Baton Rouge Parking Authority accounts for the operation of an off-street parking facility. Principal revenues of the fund are governmental subsidies and automobile parking fees.

Solid Waste Disposal Facility Fund accounts for the provision of solid waste disposal services and operation of the landfill. Principal revenues of the fund are landfill dumping fees.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2003**

EXHIBIT D - 1

	<u>Riverside Centroplex</u>	<u>Greater Baton Rouge Parking Authority</u>	<u>Solid Waste Disposal Facility</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 372,219	\$ 613,026	\$ 11,111,244	\$ 12,096,489
Investments	-	-	5,091,214	5,091,214
Accounts receivable - net	481,888	2,728	926,035	1,410,651
Accrued interest receivable	-	717	20,428	21,145
Due from other governments (Note 11)	2,553,395	-	-	2,553,395
Prepaid items	30,982	-	-	30,982
Total current assets	<u>3,438,484</u>	<u>616,471</u>	<u>17,148,921</u>	<u>21,203,876</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	1,107,672	-	-	1,107,672
Investments	1,159,778	-	-	1,159,778
Accrued interest receivable	4,412	-	-	4,412
Total restricted assets	<u>2,271,862</u>	<u>-</u>	<u>-</u>	<u>2,271,862</u>
Capital assets:				
Land	1,024,914	808,586	7,086,007	8,919,507
Buildings	32,388,183	9,979,462	-	42,367,645
Improvements (other than buildings)	-	17,375	27,077,707	27,095,082
Equipment	1,196,944	154,881	254,265	1,606,090
Construction work in progress	23,975,297	75,302	-	24,050,599
Total capital assets	<u>58,585,338</u>	<u>11,035,606</u>	<u>34,417,979</u>	<u>104,038,923</u>
Accumulated depreciation	<u>(22,476,159)</u>	<u>(9,402,271)</u>	<u>(9,811,065)</u>	<u>(41,689,495)</u>
Net capital assets	<u>36,109,179</u>	<u>1,633,335</u>	<u>24,606,914</u>	<u>62,349,428</u>
Total assets	<u>41,819,525</u>	<u>2,249,806</u>	<u>41,755,835</u>	<u>85,825,166</u>

The accompanying notes are an integral part of this statement.

Continued

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2003

EXHIBIT D - 1
(Continued)

	Riverside Centroplex	Greater Baton Rouge Parking Authority	Solid Waste Disposal Facility	Total Nonmajor Enterprise Funds
LIABILITIES				
Current liabilities:				
Accounts and contracts payable	\$ 2,419,875	\$ 31,315	\$ 822,774	\$ 3,273,964
Accrued salaries payable	--	10,776	22,621	33,397
Accrued expenses payable	39,000	--	--	39,000
Accrued interest payable	184	--	--	184
Deferred revenue	505,686	--	1,343	507,029
Compensated absences payable	40,235	17,964	18,523	76,722
Total current liabilities	3,004,980	60,055	865,261	3,930,296
Noncurrent liabilities:				
Landfill closure and postclosure care liability	--	--	11,057,551	11,057,551
Net pension obligation	--	44,356	106,825	151,181
Total long-term liabilities	--	44,356	11,164,376	11,208,732
Total liabilities	3,004,980	104,411	12,029,637	15,139,028
NET ASSETS				
Invested in capital assets, net of related debt	36,109,179	1,633,335	24,606,914	62,349,428
Restricted for capital projects	245,206	--	--	245,206
Unrestricted	2,460,160	512,060	5,119,284	8,091,504
Total net assets	\$ 38,814,545	\$ 2,145,395	\$ 29,726,198	\$ 70,686,138

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT D - 2

	Riverside Centroplex	Greater Baton Rouge Parking Authority	Solid Waste Disposal Facility	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 1,235,880	\$ 687,379	\$ 9,493,339	\$ 11,416,598
Miscellaneous revenues	185,438	625	6,758	192,821
Total operating revenues	<u>1,421,318</u>	<u>688,004</u>	<u>9,500,097</u>	<u>11,609,419</u>
OPERATING EXPENSES				
Personal services	739,370	216,532	434,838	1,390,740
Employee benefits	209,490	85,963	141,206	436,659
Supplies	78,104	5,482	55,329	138,915
Contractual services	1,016,242	73,036	8,525,831	9,615,109
Landfill closure and postclosure care expense	--	--	1,197,691	1,197,691
Depreciation	989,409	402,347	1,100,982	2,492,738
Bad debts	249,116	--	--	249,116
Management fee	204,400	--	--	204,400
Total operating expenses	<u>3,486,131</u>	<u>783,360</u>	<u>11,455,877</u>	<u>15,725,368</u>
Operating income (loss)	<u>(2,064,813)</u>	<u>(95,356)</u>	<u>(1,955,780)</u>	<u>(4,115,949)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	36,862	6,455	191,480	234,797
Interest expense	--	(20,264)	--	(20,264)
Gain (loss) on disposition of capital assets	4,630	--	--	4,630
Total nonoperating revenues (expenses)	<u>41,492</u>	<u>(13,809)</u>	<u>191,480</u>	<u>219,163</u>
Income (loss) before contributions and transfers	<u>(2,023,321)</u>	<u>(109,165)</u>	<u>(1,764,300)</u>	<u>(3,896,786)</u>
Capital contributions	8,394,823	--	--	8,394,823
Transfers in	8,034,927	352,730	1,226,610	9,614,267
Transfers out	--	(11,788)	(15,791)	(27,579)
Change in net assets	14,406,429	231,777	(553,481)	14,084,725
Total net assets - January 1	<u>24,408,116</u>	<u>1,913,618</u>	<u>30,279,679</u>	<u>56,601,413</u>
Total net assets - December 31	<u>\$ 38,814,545</u>	<u>\$ 2,145,395</u>	<u>\$ 29,726,198</u>	<u>\$ 70,686,138</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT D - 3

	Riverside Centroplex	Greater Baton Rouge Parking Authority	Solid Waste Disposal Facility	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 1,565,388	\$ 684,672	\$ 9,606,064	\$ 11,856,124
Cash payments to suppliers for goods and services	(1,450,585)	(80,349)	(8,608,010)	(10,138,944)
Cash payments to employees for services and benefits	(985,100)	(289,547)	(547,752)	(1,822,399)
Net cash provided by (used for) operating activities	<u>(870,297)</u>	<u>314,776</u>	<u>450,302</u>	<u>(105,219)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in from other funds	700,000	340,942		1,040,942
Transfers out to other funds	--	--	(15,791)	(15,791)
Repayment of loans from other funds	--	(309)	--	(309)
Net cash provided by (used for) noncapital financing activities	<u>700,000</u>	<u>340,633</u>	<u>(15,791)</u>	<u>1,024,842</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	5,788	--	--	5,788
Acquisition and construction of capital assets	(8,336,026)	(47,919)	(259,025)	(8,642,970)
Principal paid on bonds, obligations and capital leases	--	(560,000)	--	(560,000)
Interest paid on bonds, obligations and capital leases	--	(40,092)	--	(40,092)
Capital contributed by other governments	7,116,794	--	--	7,116,794
Net cash provided by (used for) capital and related financing activities	<u>(1,213,444)</u>	<u>(648,011)</u>	<u>(259,025)</u>	<u>(2,120,480)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	(1,159,778)	--	(5,091,214)	(6,250,992)
Proceeds from sales and maturities of investments	2,446,367	--	11,236,395	13,682,762
Interest received on investments	39,781	4,267	201,064	245,112
Net cash provided by (used for) investing activities	<u>1,326,370</u>	<u>4,267</u>	<u>6,346,245</u>	<u>7,676,882</u>
Net increase (decrease) in cash and cash equivalents	(57,371)	11,665	6,521,731	6,476,025
Cash and cash equivalents, January 1	<u>1,537,262</u>	<u>601,361</u>	<u>4,589,513</u>	<u>6,728,136</u>
Cash and cash equivalents, December 31	<u>\$ 1,479,891</u>	<u>\$ 613,026</u>	<u>\$ 11,111,244</u>	<u>\$ 13,204,161</u>
Classified as:				
Current assets	\$ 372,219	\$ 613,026	\$ 11,111,244	\$ 12,096,489
Restricted assets	1,107,672	--	--	1,107,672
Totals	<u>\$ 1,479,891</u>	<u>\$ 613,026</u>	<u>\$ 11,111,244</u>	<u>\$ 13,204,161</u>

The accompanying notes are an integral part of this statement.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT D - 3
(Continued)

	Riverside Centroplex	Greater Baton Rouge Parking Authority	Solid Waste Disposal Facility	Total Nonmajor Enterprise Funds
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (2,064,813)	\$ (95,356)	\$ (1,955,780)	\$ (4,115,949)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	989,409	402,347	1,100,982	2,492,738
Landfill closure and postclosure care expense	--	--	1,197,691	1,197,691
Increase (decrease) in compensated absences payable	(3,796)	227	4,580	1,011
Increase (decrease) in net pension obligation	--	11,710	20,361	32,071
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	127,345	5,279	115,860	248,484
Decrease (increase) in prepaid items	19,724	--	--	19,724
Increase (decrease) in accounts and contracts payable	77,553	(1,910)	(26,850)	48,793
Increase (decrease) in due to other governments	--	(8,532)	--	(8,532)
Increase (decrease) in accrued salaries payable	(32,444)	1,011	3,351	(28,082)
Increase (decrease) in deferred revenue	16,725	--	(9,893)	6,832
Total adjustments	1,194,516	410,132	2,406,082	4,010,730
Net cash provided by (used for) operating activities	\$ (870,297)	\$ 314,776	\$ 450,302	\$ (105,219)
Non cash investing, capital, and financing activities:				
Gain in fair value of investments	\$ 4,412	\$ 717	\$ 20,428	\$ 25,557
Capital assets contributed from other funds	7,334,927	--	1,226,610	8,561,537
Loss on disposal of capital assets	(1,158)	--	--	(1,158)

The accompanying notes are an integral part of this statement.

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Fleet Rental and Replacement Fund rents motorized equipment to Public Works divisions and provides for their scheduled replacement at the end of the economic life of the asset.

Central Garage Fund maintains motorized and heavy equipment and provides motor fuels for all departments.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2003**

EXHIBIT E - 1

	Fleet Rental and Replace- ment Fund	Central Garage	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,571,321	\$ 2,463,830	\$ 8,035,151
Accrued interest receivable	6,714	2,723	9,437
Due from other governments	--	2,149	2,149
Inventory	--	191,256	191,256
Total current assets	5,578,035	2,659,958	8,237,993
Capital assets:			
Land	--	47,568	47,568
Buildings	--	2,213,798	2,213,798
Improvements (other than buildings)	--	7,190	7,190
Equipment	19,936,800	184,054	20,120,854
Total capital assets	19,936,800	2,452,610	22,389,410
Accumulated depreciation	(15,042,169)	(1,557,251)	(16,599,420)
Net capital assets	4,894,631	895,359	5,789,990
Total assets	10,472,666	3,555,317	14,027,983
LIABILITIES			
Current liabilities:			
Accounts and contracts payable	49,754	314,080	363,834
Accrued salaries payable	--	70,018	70,018
Compensated absences payable	--	176,132	176,132
Total current liabilities	49,754	560,230	609,984
Long-term liabilities:			
Net pension obligation	--	262,911	262,911
Total liabilities	49,754	823,141	872,895
NET ASSETS			
Invested in capital assets, net of related debt	4,894,631	895,359	5,789,990
Unrestricted	5,528,281	1,836,817	7,365,098
Total net assets	\$ 10,422,912	\$ 2,732,176	\$ 13,155,088

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT E - 2

	Fleet Rental and Replace- ment Fund	Central Garage	Total
Operating revenues:			
Charges for services:			
Billings to departments	\$ 4,252,930	\$ 7,322,436	\$ 11,575,366
Operating expenses:			
Personal services	--	1,274,865	1,274,865
Employee benefits	--	560,473	560,473
Supplies	12,624	129,878	142,502
Contractual services	2,333,973	749,275	3,083,248
Cost of materials	--	4,639,801	4,639,801
Depreciation	2,518,744	75,499	2,594,243
Total operating expenses	4,865,341	7,429,791	12,295,132
Operating income (loss)	(612,411)	(107,355)	(719,766)
Non-operating revenues (expenses):			
Investment earnings	69,422	25,353	94,775
Interest expense	(970)	--	(970)
Gain (loss) on disposition of capital assets	605,828	2,225	608,053
Total non-operating revenues (expenses)	674,280	27,578	701,858
Change in net assets	61,869	(79,777)	(17,908)
Total net assets - January 1	10,361,043	2,811,953	13,172,996
Total net assets - December 31	\$ 10,422,912	\$ 2,732,176	\$ 13,155,088

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT E - 3

	<u>Fleet Rental and Replace- ment Fund</u>	<u>Central Garage</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from customers	\$ 4,252,930	\$ 7,322,436	\$ 11,575,366
Cash payments to suppliers for goods and services	(2,439,561)	(5,526,543)	(7,966,104)
Cash payments to employees for services and benefits	--	(1,795,780)	(1,795,780)
Net cash provided by (used for) operating activities	<u>1,813,369</u>	<u>113</u>	<u>1,813,482</u>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from sale of capital assets	609,752	2,225	611,977
Acquisition and construction of capital assets	(3,099,097)	--	(3,099,097)
Principal paid on bonds and capital leases	(119,739)	--	(119,739)
Interest paid on bonds and capital leases	(970)	--	(970)
Net cash provided by (used for) capital and related financing activities	<u>(2,610,054)</u>	<u>2,225</u>	<u>(2,607,829)</u>
Cash Flows From Investing Activities:			
Proceeds from sales and maturities of investments	4,468,370	1,728,692	6,197,062
Interest received on investments	74,527	26,715	101,242
Net cash provided by (used for) investing activities	<u>4,542,897</u>	<u>1,755,407</u>	<u>6,298,304</u>
Net increase (decrease) in cash and cash equivalents	3,746,212	1,757,745	5,503,957
Cash and cash equivalents, January 1	<u>1,825,109</u>	<u>706,085</u>	<u>2,531,194</u>
Cash and cash equivalents, December 31	<u>\$ 5,571,321</u>	<u>\$ 2,463,830</u>	<u>\$ 8,035,151</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	<u>\$ (612,411)</u>	<u>\$ (107,355)</u>	<u>\$ (719,766)</u>
Adjustments to reconcile operating income (loss) to Net cash provided by (used for) operating activities:			
Depreciation	2,518,744	75,499	2,594,243
Increase (decrease) in compensated absences payable	--	29,335	29,335
Increase (decrease) in net pension obligation	--	59,469	59,469
Change in assets and liabilities:			
Decrease (increase) in inventory	--	(23,586)	(23,586)
Increase (decrease) in accounts and contracts payable	(92,964)	(43,472)	(136,436)
Increase (decrease) in accrued salaries payable	--	10,223	10,223
Total adjustments	<u>2,425,780</u>	<u>107,468</u>	<u>2,533,248</u>
Net cash provided by (used for) operating activities	<u>\$ 1,813,369</u>	<u>\$ 113</u>	<u>\$ 1,813,482</u>
Non Cash Investing, Capital, and Financing Activities:			
Gain in fair value of investments	\$ 6,714	\$ 2,723	\$ 9,437
Loss on disposal of capital assets	(3,924)	--	(3,924)

The accompanying notes are an integral part of this statement.

FIDUCIARY FUNDS

Pension Trust Funds

City-Parish Employees Retirement System (CPERS) Regular Pension Trust Fund

accounts for a multiple-employer defined benefit pension system established for employees of the City-Parish government, some of the government's discretely presented component agencies and related organizations.

CPERS Police Guarantee Trust Fund accounts for a single-employer special trust set up by CPERS to administer certain benefits to police employees who transferred to the State Municipal Police Employees Retirement System (MPERS) in 2000. This fund covers benefits that were included in the CPERS system that are not covered by the MPERS system.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2003

EXHIBIT F - 1

	<u>CPERS Regular Retirement System</u>	<u>CPERS Police Guaranty Trust</u>	<u>Total Pension Trust Funds</u>
ASSETS			
Cash and cash equivalents	\$ 25,514,806	\$ 367,882	\$ 25,882,688
Receivables:			
Employee contributions	1,261,900	4,514	1,266,414
Employer contributions	788,999	3,113	792,112
Interest and dividends	1,358,377	248	1,358,625
Pending trades	4,016,056	1,841	4,017,897
Other contributions	419,152	62,486	481,638
Total receivables	<u>7,844,484</u>	<u>72,202</u>	<u>7,916,686</u>
Investments, at fair value			
U.S. government obligations	72,774,448	--	72,774,448
Bonds - domestic	55,221,659	--	55,221,659
Bonds - enhanced index fund	134,666,468	7,856,803	142,523,271
Equity securities - domestic	392,352,103	13,069,214	405,421,317
Equity securities - international	141,900,085	4,621,425	146,521,510
Total investments	<u>796,914,763</u>	<u>25,547,442</u>	<u>822,462,205</u>
Capital assets:			
Land	550,628	--	550,628
Buildings	697,497	--	697,497
Equipment	153,359	--	153,359
Accumulated depreciation	(642,905)	--	(642,905)
Total capital assets	<u>758,579</u>	<u>--</u>	<u>758,579</u>
 Total assets	 <u>831,032,632</u>	 <u>25,987,526</u>	 <u>857,020,158</u>
LIABILITIES			
Accrued expenses and benefits payable	684,466	138,430	822,896
Pending trades payable	16,209,352	--	16,209,352
 Total liabilities	 <u>16,893,818</u>	 <u>138,430</u>	 <u>17,032,248</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 814,138,814</u>	<u>\$ 25,849,096</u>	<u>\$ 839,987,910</u>

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT F - 2

	<u>CPERS Regular Retirement System</u>	<u>CPERS Police Guaranty Trust</u>	<u>Total Pension Trust Funds</u>
ADDITIONS			
Contributions:			
Employee	\$ 8,688,728	\$ 49,586	\$ 8,738,314
Employer	14,531,806	76,982	14,608,788
Severance contributions from employee	374,723	--	374,723
Total contributions	<u>23,595,257</u>	<u>126,568</u>	<u>23,721,825</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	151,705,813	4,977,237	156,683,050
Interest	5,722,642	3,370	5,726,012
Dividends	1,880,169	--	1,880,169
Total investment income	<u>159,308,624</u>	<u>4,980,607</u>	<u>164,289,231</u>
Less: investment expense	<u>1,686,123</u>	<u>53,861</u>	<u>1,739,984</u>
Net investment income	<u>157,622,501</u>	<u>4,926,746</u>	<u>162,549,247</u>
Total additions	<u>181,217,758</u>	<u>5,053,314</u>	<u>186,271,072</u>
DEDUCTIONS			
Benefit payments	48,561,375	988,682	49,550,057
Refunds and withdrawals	1,681,537	644	1,682,181
Administrative expenses	954,294	219,814	1,174,108
Total deductions	<u>51,197,206</u>	<u>1,209,140</u>	<u>52,406,346</u>
Change in net assets	130,020,552	3,844,174	133,864,726
Net assets - beginning of year	<u>684,118,262</u>	<u>22,004,922</u>	<u>706,123,184</u>
Net assets - end of year	<u>\$ 814,138,814</u>	<u>\$ 25,849,096</u>	<u>\$ 839,987,910</u>

The accompanying notes are an integral part of this statement.



**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

(Excludes Internal Service Funds)

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE (1)
DECEMBER 31, 2003 AND 2002**

EXHIBIT G - 1

	2003	2002
Governmental funds capital assets:		
Land	\$ 76,996,483	\$ 70,630,607
Buildings	181,956,506	173,590,362
Improvements (other than buildings) and infrastructure	307,506,093	287,328,478
Equipment	49,167,290	50,981,883
Equipment under capital leases	177,083	84,975
Construction work in progress	37,243,486	17,779,101
	<u>\$ 653,046,941</u>	<u>\$ 600,395,406</u>
Investments in governmental funds capital assets by source:		
Investment in property acquired prior to 1960	\$ 3,601,707	\$ 3,601,707
Investment in property acquired after 1960:		
General Obligation Bonds	55,683,037	55,683,037
Excess Revenue Certificates of Indebtedness	47,809,383	47,809,383
Revenue Bonds	13,197,769	12,037,992
Limited Tax Certificates of Indebtedness	6,150,000	6,150,000
Special Assessment Certificates of Indebtedness	17,217,911	17,217,911
Federal and State grants	70,466,241	62,644,528
Property taxes	16,386,026	16,400,026
Library Board of Control Special Revenue Fund	29,550,023	25,451,395
Dedicated sales tax	68,599,933	46,776,483
General Fund revenues	124,835,038	116,351,387
Special Revenue Funds revenues	143,944,527	139,931,962
Gifts	932,950	957,633
Donated infrastructure	14,840,469	9,584,217
Other sources	39,763,379	39,729,197
Eminent domain	68,548	68,548
	<u>\$ 653,046,941</u>	<u>\$ 600,395,406</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

The accompanying notes are an integral part of this statement.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (1)
DECEMBER 31, 2003

EXHIBIT G - 2

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements (Other Than Buildings) and Infrastructure</u>	<u>Equipment</u>	<u>Totals</u>	
					<u>December 31, 2003</u>	<u>December 31, 2002</u>
General government:						
Legislative	\$ --	\$ --	\$ --	\$ 396,433	\$ 396,433	\$ 331,757
Executive	--	167,938	2,207	259,842	429,987	433,400
Judicial	1,680	17,570,051	2,704	1,191,638	18,766,073	18,719,394
Elections	--	--	--	88,076	88,076	105,455
Finance	--	--	--	615,811	615,811	617,124
Personnel	--	739,000	--	48,388	787,388	852,088
Law	115,670	108,858	--	497,321	721,849	760,377
Administration office and boards	511,406	1,240,517	174,982	3,141,592	5,068,497	4,859,617
General government buildings	8,689,763	29,200,219	26,435	--	37,916,417	37,352,242
Total general government	9,318,519	49,026,583	206,328	6,239,101	64,790,531	64,031,454
Public safety:						
Police	809,549	4,568,162	292,027	18,704,141	24,373,879	25,357,918
Fire	1,037,835	9,109,311	29,685	10,172,015	20,348,846	19,301,697
Emergency Medical Services	75,307	2,027,717	43,144	3,291,202	5,437,370	5,538,681
Correctional institution	--	32,859,955	738,903	659,132	34,257,990	34,189,630
Other	625,149	16,008,103	998,278	3,236,403	20,867,933	19,278,101
Total public safety	2,547,840	64,573,248	2,102,037	36,062,893	105,286,018	103,666,027
Transportation	59,910,989	9,911,540	293,043,781	118,028	362,984,338	335,854,985
Sanitation	--	--	--	100,691	100,691	34,478
Health and welfare	2,400	4,928,638	26,238	1,729,642	6,686,918	6,671,594
Culture and recreation	3,058,292	42,300,505	4,255,076	3,171,429	52,785,302	49,375,908
Conservation and development	1,913,007	11,215,992	4,986,870	1,745,506	19,861,375	19,765,685
Miscellaneous	245,436	--	2,885,763	--	3,131,199	3,131,199
Total governmental funds capital assets allocated to functions	\$ 76,996,483	\$ 181,956,506	\$ 307,506,093	\$ 49,167,290	\$ 615,626,372	\$ 582,531,330
Equipment under capital leases					177,083	84,975
Construction work in progress					37,243,486	17,779,101
Total governmental funds capital assets					\$ 653,046,941	\$ 600,395,406

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (1)
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT G - 3

<u>Function and Activity</u>	Governmental Funds Capital Assets January 1, 2003	Additions	Deletions	Adjustments	Governmental Funds Capital Assets December 31, 2003
General government:					
Legislative	\$ 331,757	\$ 75,667	\$ 27,278	\$ (16,287)	\$ 396,433
Executive	433,400	13,584	16,997	--	429,987
Judicial	18,719,394	99,584	52,905	--	18,766,073
Elections	105,455	--	17,379	--	88,076
Finance	617,124	28,236	29,549	--	615,811
Personnel	852,088	--	64,700	--	787,388
Law	760,377	5,020	62,170	(18,622)	721,849
Administration office and boards	4,859,617	267,633	60,328	(1,575)	5,068,497
General government buildings	37,352,242	564,175	--	--	37,916,417
Total general government	<u>64,031,454</u>	<u>1,053,899</u>	<u>331,306</u>	<u>(36,484)</u>	<u>64,790,531</u>
Public safety:					
Police	25,357,918	2,848,412	4,375,656	(543,205)	24,373,879
Fire	19,301,697	652,564	110,943	(505,528)	20,348,846
Emergency Medical Services	5,538,681	446,841	548,152	--	5,437,370
Correctional institution	34,189,630	114,478	46,118	--	34,257,990
Other	19,278,101	1,503,795	106,483	(192,520)	20,867,933
Total public safety	<u>103,666,027</u>	<u>5,566,090</u>	<u>5,187,352</u>	<u>(1,241,253)</u>	<u>105,286,018</u>
Transportation	335,854,985	16,870,971	--	(10,258,382)	362,984,338
Sanitation	34,478	66,213	--	--	100,691
Health and welfare	6,671,594	143,577	128,253	--	6,686,918
Culture and recreation	49,375,908	3,135,352	8,381	(282,423)	52,785,302
Conservation and development	19,765,685	201,933	111,297	(5,054)	19,861,375
Miscellaneous	3,131,199	--	--	--	3,131,199
Equipment under capital leases	84,975	132,071	--	39,963	177,083
Construction work in progress	17,779,101	25,991,766	--	6,527,381	37,243,486
Total governmental funds capital assets	<u>\$ 600,395,406</u>	<u>\$ 53,161,872</u>	<u>\$ 5,766,589</u>	<u>\$ (5,256,252)</u>	<u>\$ 653,046,941</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

The accompanying notes are an integral part of this statement.

SELECTED NONMAJOR COMPONENT UNITS

Fire Protection Districts Included in Primary Government Audit

Brownsfield Fire Protection District is located in the northwestern part of East Baton Rouge Parish. Services are financed by a property tax in the district and a fire service fee.

Chaneyville Fire Protection District is located in the northern part of East Baton Rouge Parish. Services are financed by a fire service fee and state insurance company taxes.

Pride Fire Protection District is located in the northeastern part of East Baton Rouge Parish. Services are financed primarily through a fire service fee.

Alsen-St. Irma Lee Fire Protection District is located in the western part of East Baton Rouge Parish. Services are financed by a property tax in the district and a fire service fee.

**BROWNSFIELD FIRE PROTECTION DISTRICT
 CHANEYVILLE FIRE PROTECTION DISTRICT
 PRIDE FIRE PROTECTION DISTRICT
 ALSEN-ST. IRMA LEE FIRE PROTECTION DISTRICT
 BALANCE SHEET
 DECEMBER 31, 2003**

EXHIBIT H - 1

	<u>Brownsfield Fire Protection District</u>	<u>Chaneyville Fire Protection District</u>	<u>Pride Fire Protection District</u>	<u>Alsen- St. Irma Lee Fire Protection District</u>
ASSETS				
Cash and cash equivalents	\$ --	\$ --	\$ 76,912	\$ --
Property taxes receivable - net	33,726	--	--	10,160
Accounts receivable	--	--	--	--
Accrued interest receivable	--	2	115	--
Due from other governments	263,959	23,522	38,757	178,118
Total assets	<u>\$ 297,685</u>	<u>\$ 23,524</u>	<u>\$ 115,784</u>	<u>\$ 188,278</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 6,362	\$ 3,000	\$ 1,168	\$ 1,601
Due to primary government	180,948	4,053	--	24,674
Deferred revenue	17,930	--	--	--
Total liabilities	<u>205,240</u>	<u>7,053</u>	<u>1,168</u>	<u>26,275</u>
Fund balances:				
Reserved for:				
Encumbrances	2,850	--	--	--
Subsequent year expenditures	--	8,320	8,490	18,800
Continuing projects	--	7,831	11,661	33,147
Unreserved:				
Undesignated	89,595	320	94,465	110,056
Total fund balances	<u>92,445</u>	<u>16,471</u>	<u>114,616</u>	<u>162,003</u>
Total liabilities and fund balances	<u>\$ 297,685</u>	<u>\$ 23,524</u>	<u>\$ 115,784</u>	<u>\$ 188,278</u>

The accompanying notes are an integral part of this statement.

BROWNSFIELD FIRE PROTECTION DISTRICT
CHANEYVILLE FIRE PROTECTION DISTRICT
PRIDE FIRE PROTECTION DISTRICT
ALSEN-ST. IRMA LEE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2003

EXHIBIT H - 2

	Brownsfield Fire Protection District	Chaneyville Fire Protection District	Pride Fire Protection District	Alsen- St. Irma Lee Fire Protection District
Fund balances - total governmental funds	\$ 92,445	\$ 16,471	\$ 114,616	\$ 162,003
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds				
Governmental capital assets	402,460	339,318	330,499	725,183
Less accumulated depreciation	(245,910)	(277,350)	(158,786)	(336,077)
Some revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current-period expenditures.				
	52,779	--	--	--
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.				
Obligation under capital leases	(6,722)	--	--	(106,121)
Net pension obligation	(18,935)	--	--	--
Net assets of governmental activities	<u>\$ 276,117</u>	<u>\$ 78,439</u>	<u>\$ 286,329</u>	<u>\$ 444,988</u>

**BROWNSFIELD FIRE PROTECTION DISTRICT
 CHANEYVILLE FIRE PROTECTION DISTRICT
 PRIDE FIRE PROTECTION DISTRICT
 ALSEN-ST. IRMA LEE FIRE PROTECTION DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT H - 3

	Brownsfield Fire Protection District	Chaneyville Fire Protection District	Pride Fire Protection District	Alsen- St. Irma Lee Fire Protection District
REVENUES				
Taxes:				
General property taxes	\$ 295,658	\$ --	\$ --	\$ 194,859
Intergovernmental revenues:				
Federal Emergency Management Agency	--	890	37,215	32,733
Louisiana Office of the Governor	11,800	577	13,339	918
Insurance company taxes	18,000	9,738	9,762	5,146
Louisiana revenue sharing	57,479	--	--	--
On-behalf payments for salaries and benefits	10,800	--	--	--
City of Baton Rouge	17,050	49,230	11,120	30,750
Charges for services:				
Fire protection service charges	129,459	44,357	34,447	12,057
Investment earnings	(246)	63	1,464	954
Miscellaneous revenues:				
Other income	86	1,469	2,000	1,770
Total revenues	<u>540,086</u>	<u>106,324</u>	<u>109,347</u>	<u>279,187</u>
EXPENDITURES				
Current:				
Public safety:				
Operations:				
Personal services	268,609	26,195	14,815	121,796
Employee benefits	71,469	2,004	4,136	27,032
Supplies	24,529	10,573	60,196	48,654
Contractual services	93,681	28,167	28,332	39,395
Debt service:				
Principal	12,905	--	--	42,323
Interest	750	--	--	5,829
Capital outlay	41,900	25,000	--	--
Total expenditures	<u>513,843</u>	<u>91,939</u>	<u>107,479</u>	<u>285,029</u>
Excess (deficiency) of revenues over (under) expenditures	26,243	14,385	1,868	(5,842)
OTHER FINANCING SOURCES				
Proceeds of capital asset disposition	--	2,500	--	2,550
Net change in fund balances	26,243	16,885	1,868	(3,292)
Fund balances, January 1	66,202	(414)	112,748	165,295
Fund balances, December 31	<u>\$ 92,445</u>	<u>\$ 16,471</u>	<u>\$ 114,616</u>	<u>\$ 162,003</u>

The accompanying notes are an integral part of this statement.

**BROWNSFIELD FIRE PROTECTION DISTRICT
 CHANEYVILLE FIRE PROTECTION DISTRICT
 PRIDE FIRE PROTECTION DISTRICT
 ALSEN-ST. IRMA LEE FIRE PROTECTION DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT H - 4

	Brownsfield Fire Protection District	Chaneyville Fire Protection District	Pride Fire Protection District	Alsen- St. Irma Lee Fire Protection District
Net change in fund balances - total governmental funds	\$ 26,243	\$ 16,885	\$ 1,868	\$ (3,292)
Amounts reported for governmental activities in the statement of activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.				
Capital outlay	41,900	25,000	--	--
Depreciation expense	(51,857)	(40,464)	(27,791)	(33,227)
Because some revenues will not be collected for several months after year-end, they are not considered "available" revenues in the governmental funds.				
Property tax revenues	2,295	--	--	(15,641)
Louisiana revenue sharing	1,184	--	--	--
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.				
	12,905	--	--	42,323
Some expenses reported in the statement of activities, such as net pension obligation, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.				
	(6,476)	--	--	--
Change in net assets of governmental activities	<u>\$ 26,194</u>	<u>\$ 1,421</u>	<u>\$ (25,923)</u>	<u>\$ (9,837)</u>

**BROWNSFIELD FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -- BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT H - 5

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General property taxes	\$ 171,700	\$ 280,000	\$ 295,658	\$ 15,658
Intergovernmental revenues:				
Louisiana Office of the Governor	11,800	11,800	11,800	--
Insurance company taxes	21,710	21,710	18,000	(3,710)
Louisiana revenue sharing	57,100	57,100	57,479	379
On-behalf payments for salaries and benefits	9,300	10,800	10,800	--
City of Baton Rouge	17,050	17,050	17,050	--
Total intergovernmental revenues	<u>116,960</u>	<u>118,460</u>	<u>115,129</u>	<u>(3,331)</u>
Charges for services:				
Fire protection service charges	100,000	110,000	129,459	19,459
Investment earnings	--	--	(246)	(246)
Miscellaneous revenues:				
Other income	--	--	86	86
Total revenues	<u>388,660</u>	<u>508,460</u>	<u>540,086</u>	<u>31,626</u>
EXPENDITURES				
Current:				
Public safety:				
Operations:				
Personal services	206,100	268,690	268,608	82
Employee benefits	59,790	71,090	71,469	(379)
Supplies	22,880	24,560	24,529	31
Contractual services	74,430	95,426	93,681	1,745
Total public safety	<u>363,200</u>	<u>459,766</u>	<u>458,287</u>	<u>1,479</u>
Debt service:				
Principal	12,910	12,906	12,906	--
Interest	750	750	750	--
Total debt service	<u>13,660</u>	<u>13,656</u>	<u>13,656</u>	<u>--</u>
Capital Outlay	<u>22,800</u>	<u>46,038</u>	<u>44,750</u>	<u>1,288</u>
Total expenditures	<u>399,660</u>	<u>519,460</u>	<u>516,693</u>	<u>2,767</u>
Excess (deficiency) of revenues over (under) expenditures	(11,000)	(11,000)	23,393	34,393
Fund Balances, January 1	<u>66,202</u>	<u>66,202</u>	<u>66,202</u>	<u>--</u>
Fund Balances, December 31	<u>\$ 55,202</u>	<u>\$ 55,202</u>	<u>\$ 89,595</u>	<u>\$ 34,393</u>

The accompanying notes are an integral part of this statement.

**CHANEYVILLE FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT H - 6

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Federal Emergency Management Agency	\$ 17,816	\$ 17,816	\$ 890	\$ (16,926)
Louisiana Office of the Governor	20,990	20,990	577	(20,413)
Insurance company taxes	8,700	8,700	9,738	1,038
City of Baton Rouge	49,230	49,230	49,230	--
Total intergovernmental revenues	96,736	96,736	60,435	(36,301)
Charges for services:				
Fire protection service charges	25,000	28,000	44,357	16,357
Investment earnings	--	--	63	63
Miscellaneous revenues:				
Other income	--	--	1,469	1,469
Total revenues	121,736	124,736	106,324	(18,412)
EXPENDITURES				
Current:				
Public safety:				
Operations:				
Personal services	24,180	26,195	26,195	--
Employee benefits	4,810	3,735	2,004	1,731
Supplies	6,700	9,110	9,106	4
Contractual services	26,720	26,370	28,167	(1,797)
Assistance to Firefighters Grant	17,816	17,816	17,816	--
Rural Development Grant	20,990	20,990	13,159	7,831
Total public safety	101,216	104,216	96,447	7,769
Capital Outlay	27,000	27,000	25,000	2,000
Total expenditures	128,216	131,216	121,447	9,769
Excess (deficiency) of revenues over (under) expenditures	(6,480)	(6,480)	(15,123)	(8,643)
OTHER FINANCING SOURCES				
Proceeds of capital asset disposition	--	--	2,500	2,500
Net change in fund balances	(6,480)	(6,480)	(12,623)	(6,143)
Fund Balances, January 1	(414)	(414)	(414)	--
Fund Balances, December 31	\$ (6,894)	\$ (6,894)	\$ (13,037)	\$ (6,143)

The accompanying notes are an integral part of this statement.

**PRIDE FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -- BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT H - 7

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Federal Emergency Management Agency	\$ 37,215	\$ 37,215	\$ 37,215	\$ --
Louisiana Office of the Governor	25,000	25,000	13,339	(11,661)
Insurance company taxes	9,650	9,650	9,762	112
City of Baton Rouge	11,120	11,120	11,120	--
Total intergovernmental revenues	82,985	82,985	71,436	(11,549)
Charges for services:				
Fire protection service charges	30,110	30,110	34,447	4,337
Investment earnings	2,010	2,010	1,464	(546)
Miscellaneous revenues:				
Other income	--	--	2,000	2,000
Total revenues	115,105	115,105	109,347	(5,758)
EXPENDITURES				
Current:				
Public safety:				
Operations:				
Personal services	15,410	15,410	14,815	595
Employee benefits	4,550	4,550	4,136	414
Supplies	5,660	5,660	5,507	153
Contractual services	28,270	30,270	28,332	1,938
Assistance to Firefighters Grant	41,350	41,350	41,350	--
Rural Development Grant	19,000	19,000	13,339	5,661
Total public safety	114,240	116,240	107,479	8,761
Capital outlay	6,000	6,000	--	6,000
Total expenditures	120,240	122,240	107,479	14,761
Excess (deficiency) of revenues over (under) expenditures	(5,135)	(7,135)	1,868	9,003
Fund Balances, January 1	112,748	112,748	112,748	--
Fund Balances, December 31	\$ 107,613	\$ 105,613	\$ 114,616	\$ 9,003

The accompanying notes are an integral part of this statement.

**ALSEN-ST. IRMA LEE FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXHIBIT H - 8

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General property taxes	\$ 205,690	\$ 195,690	\$ 194,859	\$ (831)
Intergovernmental revenues:				
Federal Emergency Management Agency	32,783	32,783	32,733	(50)
Louisiana Office of the Governor	19,010	19,010	918	(18,092)
Insurance company taxes	4,200	4,200	5,146	946
City of Baton Rouge	25,750	30,750	30,750	--
Total intergovernmental revenues	<u>81,743</u>	<u>86,743</u>	<u>69,547</u>	<u>(17,196)</u>
Charges for services:				
Fire protection service charges	7,800	7,800	12,057	4,257
Investment earnings	300	300	954	654
Miscellaneous revenues:				
Other income	--	--	1,770	1,770
Total revenues	<u>295,533</u>	<u>290,533</u>	<u>279,187</u>	<u>(11,346)</u>
EXPENDITURES				
Current:				
Public safety:				
Operations:				
Personal services	141,470	131,470	121,796	9,674
Employee benefits	32,810	32,810	27,032	5,778
Supplies	6,500	14,500	11,366	3,134
Contractual services	42,278	48,636	39,395	9,241
Assistance to Firefighters Grant	36,425	36,425	36,370	55
Rural Development Grant	19,010	19,010	918	18,092
Total public safety	<u>278,493</u>	<u>282,851</u>	<u>236,877</u>	<u>45,974</u>
Debt service:				
Principal	42,323	42,323	42,323	--
Interest	5,829	5,829	5,829	--
Total debt service	<u>48,152</u>	<u>48,152</u>	<u>48,152</u>	<u>--</u>
Total expenditures	<u>326,645</u>	<u>331,003</u>	<u>285,029</u>	<u>45,974</u>
Excess (deficiency) of revenues over (under) expenditures	(31,112)	(40,470)	(5,842)	34,628
OTHER FINANCING SOURCES				
Proceeds of capital asset disposition	--	--	2,550	2,550
Net change in fund balances	(31,112)	(40,470)	(3,292)	37,178
Fund Balances, January 1	<u>165,295</u>	<u>165,295</u>	<u>165,295</u>	<u>--</u>
Fund Balances, December 31	<u>\$ 134,183</u>	<u>\$ 124,825</u>	<u>\$ 162,003</u>	<u>\$ 37,178</u>

The accompanying notes are an integral part of this statement.



SCHEDULES

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINED SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
DECEMBER 31, 2003**

EXHIBIT I - 1

<u>Description</u>	<u>Interest Rate (%)</u>	<u>Carrying Amount</u>
<u>PRIMARY GOVERNMENT</u>		
<u>Consolidated Cash Account</u>		
Louisiana Asset Management Pool	0.90-1.40	\$ 169,000,000
Certificates of Deposit - Hibernia National Bank	1.01-1.20	92,000,000
Certificates of Deposit - Hancock Bank	1.05-1.09	56,000,000
U. S. Agency Bills	1.08-1.24	79,517,960
State and Local Government Series Securities	3.35-4.69	3,341,000
Cash in Bank - Whitney National Bank		13,231,706
Total Cash and Investments - Consolidated Cash Account		413,090,666
 <u>Payroll Cash Account</u>		
		5,454,287
 <u>Other Cash Items</u>		
Petty Cash		13,358
Cash on Hand		2,360,864
Total Other Cash Items		2,374,222
 <u>Riverside Centroplex</u>		
Whitney National Bank:		
Cash in Bank		451,409
 <u>East Baton Rouge Sewerage Commission</u>		
Louisiana Asset Management Pool	0.90-1.40	872,663
Repurchase Agreements	3.89-4.88	21,136,703
Whitney National Bank:		
Cash in Bank		190,984
Certificates of Deposit - Hibernia National Bank	0.83-1.04	11,963,612
Certificates of Deposit - Hancock Bank	0.93-1.02	2,024,856
Total East Baton Rouge Sewerage Commission		36,188,818
 <u>1993 Public Improvement Sales Tax Revenue Bonds</u>		
Whitney National Bank:		
Cash in Bank		5
Certificates of Deposit - Hibernia National Bank	0.83-1.04	115,717
Repurchase Agreements	3.89	303,930
Total 1993 Public Improvement Sales Tax Revenue Bonds		419,652
 <u>1997 Public Improvement Sales Tax Revenue Bonds (Airport/Solid Waste)</u>		
Whitney National Bank:		
Cash in Bank		46
Certificates of Deposit - Hibernia National Bank	0.99-1.04	843,795
Certificates of Deposit - Hancock Bank	0.93	171,391
Repurchase Agreements	3.89	2,297,000
Total 1997 Public Improvement Sales Tax Revenue Bonds (Airport/Solid Waste)		3,312,232
 <u>1998A Public Improvement Sales Tax Revenue Bonds</u>		
Whitney National Bank:		
Cash in Bank		198
Certificates of Deposit - Hibernia National Bank	0.99-1.04	2,810,540
Certificates of Deposit - Hancock Bank	0.93-1.02	1,676,652
Repurchase Agreements	3.89	11,520,553
Total 1998A Public Improvement Sales Tax Revenue Bonds		16,007,943

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINED SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
DECEMBER 31, 2003**

EXHIBIT I - 1
(Continued)

<u>Description</u>	<u>Interest Rate (%)</u>	<u>Carrying Amount</u>
<u>PRIMARY GOVERNMENT (Continued)</u>		
<u>1998C Public Improvement Sales Tax Revenue Bonds</u>		
Whitney National Bank:		
Cash in Bank		\$ 14
Certificates of Deposit - Hibernia National Bank	0.83-1.04	263,040
Certificates of Deposit - Whitney National Bank	3.89	460,000
Total 1998C Public Improvement Sales Tax Revenue Bonds		723,054
 <u>2001A Public Improvement Sales Tax Revenue Bonds</u>		
Whitney National Bank:		
Cash in Bank		29
Certificates of Deposit - Hibernia National Bank	0.99-1.04	532,518
Certificates of Deposit - Hancock Bank	0.93	106,246
Repurchase Agreements	5.04	1,599,624
Total 1998C Public Improvement Sales Tax Revenue Bonds		2,238,417
 Grand Total Cash, Cash Equivalents and Investments - Primary Government excluding Employees' Retirement System Pension Trust Fund		
		\$ 480,260,700
 <u>Employees' Retirement System Pension Trust Fund</u>		
Cash in Bank		\$ 4,431,623
U.S. Treasury Bonds		22,061,173
U.S. Agency Notes		55,221,659
Corporate Bonds		50,713,275
Corporate Stocks		139,430,444
Corporate Stock Index		265,990,873
International Equity		146,521,510
Enhance Bond Index Fund		142,523,271
Repurchase Agreements		21,451,065
Total Employees' Retirement System Pension Trust Fund		\$ 848,344,893
 <u>COMPONENT UNITS</u>		
District Attorney of the Nineteenth Judicial District		\$ 2,081,070
Nineteenth Judicial District Court		398,181
E.B.R. Parish Family Court		289,267
E.B.R. Parish Juvenile Court		624,989
Nineteenth Judicial District Indigent Defender Board		312,800
E.B.R. Parish Clerk of Court		5,293,152
E. B. R. Parish Coroner		20,394
St. George Fire Protection District		851,197
Central Fire Protection District		61,120
E.B.R. Parish Fire Protection District No. 6		101,360
Eastside Fire Protection District		286,722
Pride Fire Protection District		76,912
Capital Region Planning Commission		440,531
Capital Transportation Corporation		1,059,068
 Grand Total Cash, Cash Equivalents and Investments - Component Units		
		\$ 11,896,763

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
EMPLOYEES' RETIREMENT SYSTEMS
REVENUE BY SOURCE AND EXPENSES BY TYPE**

EXHIBIT I - 2

REGULAR EMPLOYEES' TRUST

<u>Revenue By Source</u>					
<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Net Appreciation (Depreciation) in Fair Value of Investments</u>	<u>Total</u>
1994	\$ 8,071,425	\$ 12,559,091	\$ 8,078,771	\$ --	\$ 28,709,287
1995	8,751,553	14,276,717	23,361,645	84,200,933 *	130,590,848
1996	9,033,167	16,219,697	20,725,256	35,437,680	81,415,800
1997	9,645,590	18,405,695	14,772,623	86,711,576	129,535,484
1998	11,632,339	20,120,542	9,901,484	79,443,675	121,098,040
1999	11,776,623	20,334,067	9,694,688	83,703,462	125,508,840
2000	9,231,205	13,587,244	10,466,030	7,199,059	40,483,538
2001	8,972,290	11,516,686	10,284,795	(25,651,838)	5,121,933
2002	9,223,966	12,053,689	8,578,556	(71,317,665)	(41,461,454)
2003	9,063,451	14,531,806	5,916,688	151,705,813	181,217,758

<u>Expenses By Type</u>				
<u>Fiscal Year</u>	<u>Benefits</u>	<u>Administrative Expenses</u>	<u>Refunds and Withdrawals</u>	<u>Total</u>
1994	\$ 25,063,890	\$ 1,719,250	\$ 1,094,799	\$ 27,877,939
1995	28,602,602	791,387	1,724,025	31,118,014
1996	30,666,429	877,475	1,815,573	33,359,477
1997	44,787,560	1,020,585	1,487,729	47,295,874
1998	37,095,474	1,015,699	1,493,287	39,604,460
1999	40,759,659	944,577	2,012,039	43,716,275
2000	43,966,217	732,364	1,760,171	46,458,752
2001	43,261,108	789,316	1,999,902	46,050,326
2002	45,286,042	817,319	1,670,141	47,773,502
2003	48,561,375	954,294	1,681,537	51,197,206

* The Retirement System elected early implementation of GASB Statement No. 25.

This section which is composed of accounting and non-accounting data is presented in order to provide the reader with additional information as an aid to understanding the financial activities of the governmental unit.

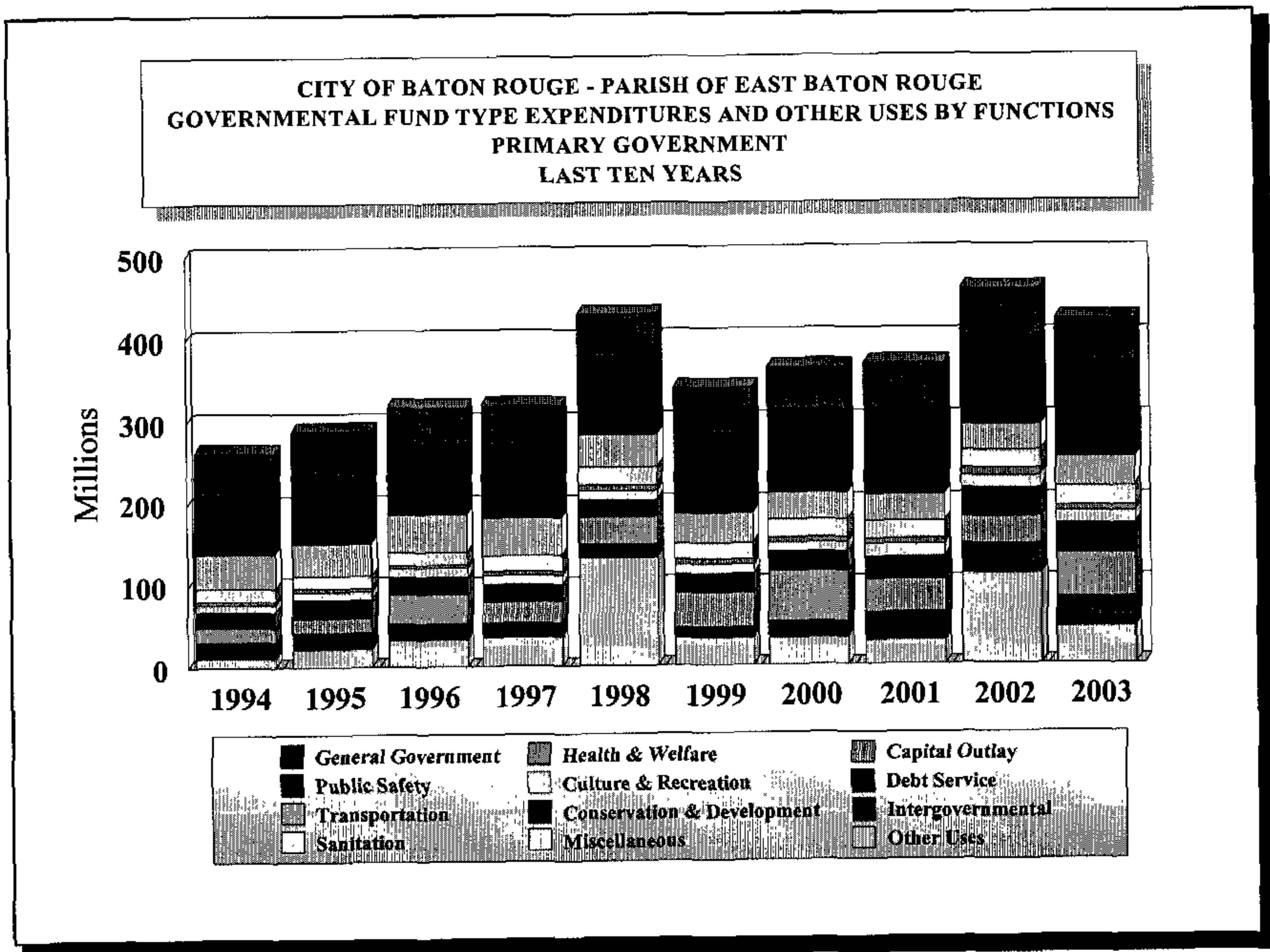
**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GOVERNMENTAL FUND TYPE EXPENDITURES AND OTHER USES BY FUNCTIONS
PRIMARY GOVERNMENT
LAST TEN YEARS**

<u>Year</u>	<u>Total (1)</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Trans- portation</u>	<u>Sanitation</u>	<u>Health and Welfare</u>
1994	\$262,485,114	\$50,232,560	\$ 74,158,451	\$41,307,164	\$15,069,530	\$4,703,574
1995	289,044,175	54,021,789 (3)	82,767,969 (3)	38,784,240	15,731,515	4,911,308
1996	318,217,924	44,058,708	86,700,228	45,689,687	16,229,461	4,966,789
1997	319,474,668	46,967,482	90,871,356	44,625,709	19,269,426	5,490,266
1998	429,500,455	50,119,584	96,422,826	40,283,982	20,224,396	6,471,130
1999	339,502,355	54,017,146	98,944,490	36,891,317	20,701,834	6,210,161
2000	362,917,034	50,625,426	100,598,273	33,896,014	21,839,759	5,918,579
2001	367,861,787	51,845,747	106,812,339	32,773,354	22,495,257	6,469,321
2002	457,609,882	57,640,679	108,260,680	30,455,778	22,541,727	7,760,560
2003	420,199,224	49,508,255 (7)	117,426,106	35,131,084	23,910,559	6,765,139

- (1) Includes expenditures and other uses of General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.
- (2) The miscellaneous function is used for items which cannot be properly classified under the other ten functions.
- (3) In compliance with Governmental Accounting Standards Board Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," expenditures previously classified under general government and public safety have been re-classified as other uses.
- (4) A payment was made to the refunded bond escrow agent for the defeasance of several City and Parish bond issues.
- (5) In compliance with Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," transfers to discretely presented component units previously classified as other uses have been re-classified as intergovernmental expenditures.
- (6) A payment was made to refund the outstanding portion of the State Municipal Police Employees Retirement System Note.
- (7) Expenditures for risk management decreased due to a change in benefits and excess premium collections.

Source: Comprehensive Annual Financial Report

<u>Culture and Recreation</u>	<u>Conservation and Development</u>	<u>Miscellaneous (2)</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Inter-governmental</u>	<u>Other Uses</u>
\$ 8,931,876	\$19,007,729	\$ --	\$17,583,398	\$18,898,135	\$ 59,528	\$ 12,533,169
9,219,762	24,381,475	2,141	16,531,220	19,971,045	62,521	22,659,190 (3)
9,698,050	23,055,882	--	33,992,571	20,404,158	62,443	33,359,947
10,481,478	21,522,898	26,956	26,995,425	18,169,278	70,526	34,983,868
11,418,611	22,932,155	--	32,523,169	17,015,904	73,286	132,015,412 (4)
11,346,276	23,416,272	--	40,819,328	12,894,116	70,505	34,190,910
12,094,134	24,052,326	--	61,163,313	17,736,581	70,618	34,922,011
14,562,080	28,718,968	--	40,312,819	22,408,477	11,870,634 (5)	29,592,791 (5)
15,360,083	34,616,566	--	34,332,975	23,911,864	12,052,083	110,676,887 (6)
16,728,797	35,754,278	--	53,161,872	23,589,720	13,138,229	45,085,185



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GENERAL FUND EXPENDITURES AND OTHER USES BY FUNCTIONS
LAST TEN YEARS**

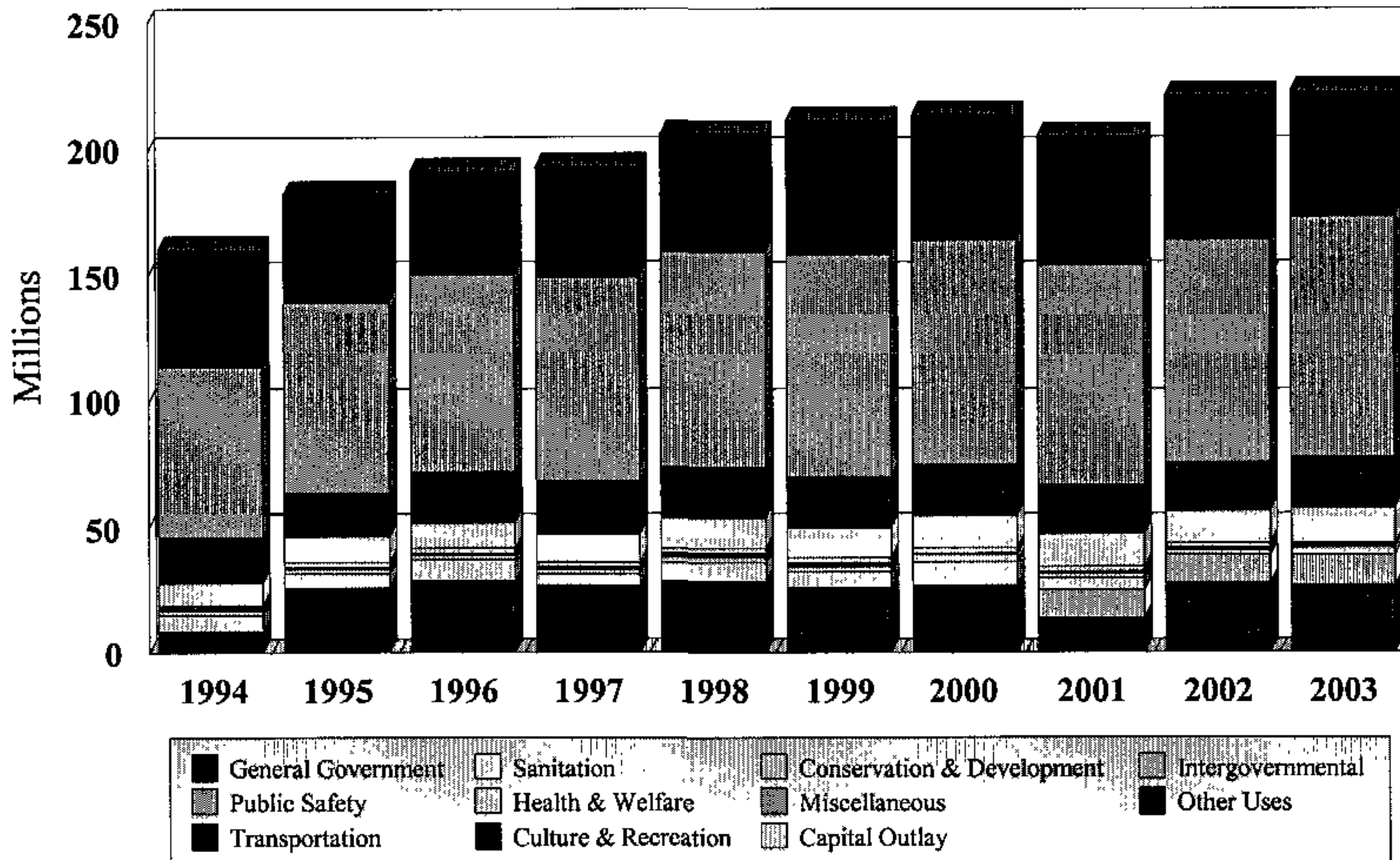
<u>Year</u>	<u>Total</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Trans- portation</u>	<u>Sanitation</u>	<u>Health and Welfare</u>
1994	\$160,757,546	\$47,658,854	\$66,813,473	\$18,020,614	\$ 9,359,876	\$1,322,268
1995	182,325,959	43,512,173 (2)	74,703,520 (2)	18,088,978	9,793,321	1,456,043
1996	191,305,543	41,107,486	78,379,920	20,088,917	10,120,664	1,398,596
1997	193,078,160	43,978,768	80,763,912	20,890,759	11,257,478	1,499,823
1998	205,993,560	46,843,956	84,767,333	20,700,360	11,989,912	1,649,605
1999	211,545,341	53,016,676	87,896,333	20,661,129	12,268,134	1,657,568
2000	213,431,525	49,546,646	89,246,620	20,066,465	12,833,300	1,644,784
2001	205,411,122	51,063,982	87,451,882	19,641,058	13,073,045	1,607,790
2002	220,902,902	56,892,370	88,472,988	18,991,378	12,990,405	1,539,683
2003	222,465,948	48,795,023 (5)	95,724,860	20,185,063	13,819,386	1,495,643

- (1) The miscellaneous function is used for items which cannot be properly classified under the other ten functions.
- (2) In compliance with Governmental Accounting Standards Board Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," expenditures previously classified under general government and public safety have been reclassified as other uses.
- (3) In compliance with Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," transfers to discretely presented component units previously classified as other uses have been re-classified as intergovernmental expenditures.
- (4) Beginning in 2002, capital outlay expenditures for General Fund operating budgets have been recorded in the Capital Projects Fund.
- (5) Expenditures for risk management decreased due to a change in benefits and excess premium collections.

Source: Comprehensive Annual Financial Report

<u>Culture and Recreation</u>	<u>Conservation and Development</u>	<u>Miscellaneous (1)</u>	<u>Capital Outlay</u>	<u>Inter-governmental</u>	<u>Other Uses</u>
\$ 919,117	\$1,821,389	--	\$6,321,756	\$ 59,528	\$8,460,671
952,927	1,757,039	--	5,940,759	62,521	26,058,678 (2)
1,115,012	1,990,203	--	8,081,381	62,443	28,960,921
1,081,844	2,278,001	--	4,103,964	70,526	27,153,085
1,439,533	2,196,926	--	7,203,044	73,286	29,129,605
1,174,082	1,815,828	--	7,280,484	70,505	25,704,602
1,448,020	2,152,670	--	9,139,235	70,618	27,283,167
1,221,336	1,915,033	--	4,219,980	10,923,404 (3)	14,293,612 (3)
1,342,224	1,738,185	--	-- (4)	11,104,853	27,830,816 (4)
1,051,410	1,931,859	--	132,071	12,190,999	27,139,634

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GENERAL FUND EXPENDITURES AND OTHER USES BY FUNCTIONS
LAST TEN YEARS**



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GOVERNMENTAL FUND TYPE REVENUES AND OTHER FINANCING SOURCES
PRIMARY GOVERNMENT
LAST TEN YEARS**

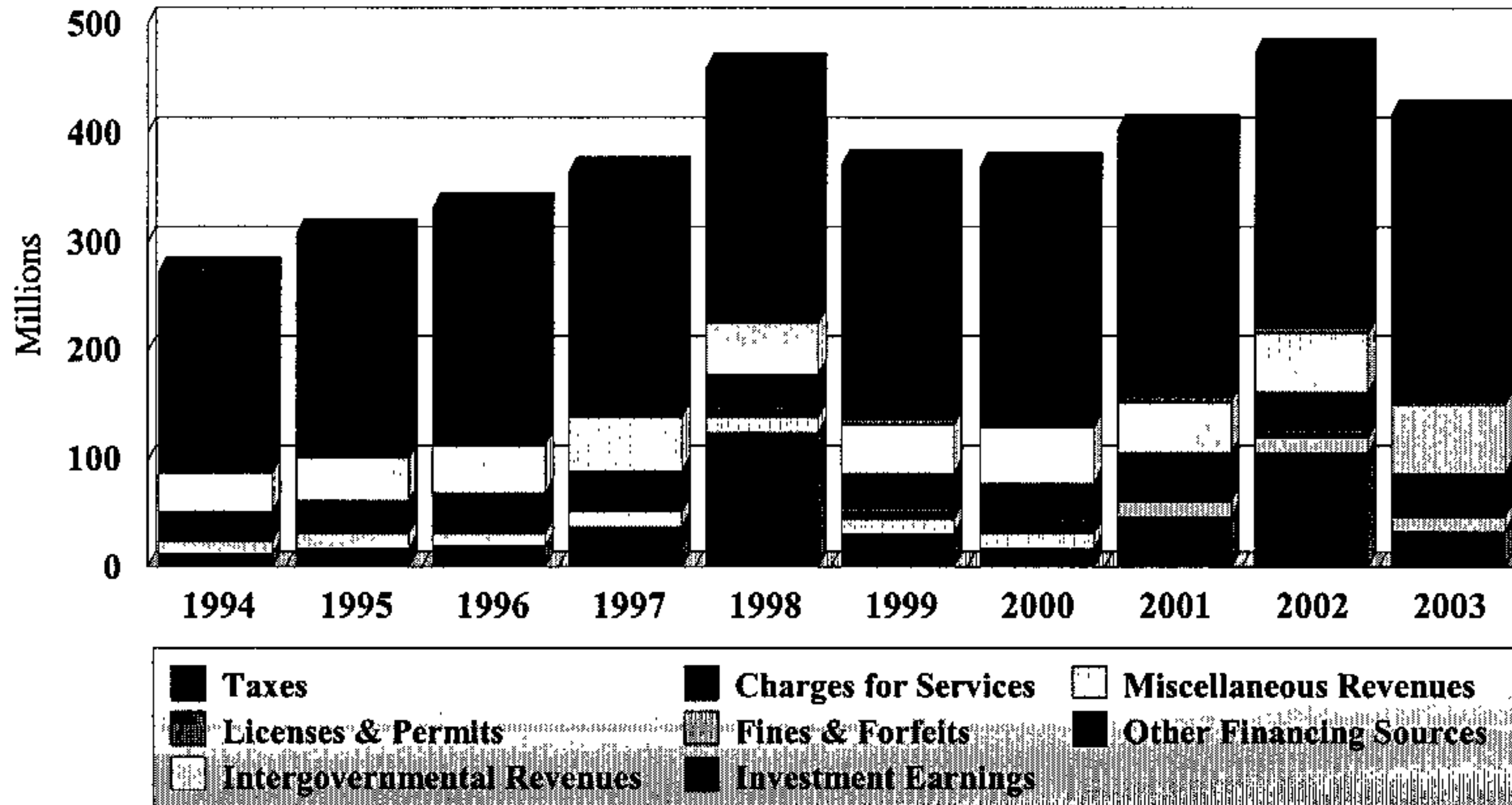
<u>Year</u>	<u>Total (1)</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- governmental Revenues</u>	<u>Charges for Services</u>	<u>Fines and Forfeits</u>
1994	\$272,296,679	\$182,063,264	\$2,997,316	\$34,237,501	\$23,140,340	\$2,061,064
1995	306,428,148	201,318,217	2,821,922	40,729,266	23,228,832	1,667,922
1996	330,051,186	213,835,500	3,157,223	44,242,005	29,559,869	1,931,575
1997	362,606,574	221,051,652	3,065,678	47,595,813	30,272,957	1,975,000
1998	459,176,111	231,463,834	3,053,896	45,235,023	31,464,891	1,453,303
1999	370,409,379	234,567,952	3,333,017	45,756,884	31,274,432	2,041,949
2000	367,040,619	234,263,527	3,175,718	50,363,986	33,420,104	2,330,863
2001	403,603,003	246,633,408	3,105,601	46,953,068	32,499,844	1,886,045
2002	472,706,782	252,816,183	3,259,749	54,544,969	34,758,894	1,894,990
2003	416,732,474	263,344,218	3,540,070	61,483,565	34,618,135	2,263,940

- (1) Includes revenues and other financing sources of General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.
- (2) City of Baton Rouge issued \$19,325,000 in Sales Tax Revenue Bonds
- (3) City of Baton Rouge issued \$94,450,000 and the Parish of East Baton Rouge issued \$4,600,000 in Sales Tax Revenue Bonds.
- (4) The Parish of East Baton Rouge executed a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority (the "LCDA") in the amount of \$12,000,000.
- (5) City of Baton Rouge issued \$23,625,000 in Sales Tax Revenue Bonds
- (6) City of Baton Rouge issued \$25,900,000 in Variable Rate Taxable Refunding Bonds and \$47,550,000 in Fixed Rate Taxable Refunding Bonds.

Source: Comprehensive Annual Financial Report

<u>Investment Earnings</u>	<u>Miscellaneous Revenues</u>	<u>Other Financing Sources</u>
\$ 3,177,834	\$12,884,323	\$ 11,735,037
5,158,003	13,244,992	18,258,994
5,147,317	13,448,110	18,729,587
6,166,708	13,183,505	39,295,261 (2)
7,739,227	14,252,772	124,513,165 (3)
8,130,317	14,178,816	31,126,012 (4)
11,155,967	14,425,412	17,905,042
9,899,112	14,144,221	48,481,704 (5)
5,060,474	14,715,386	105,656,137 (6)
3,698,245	14,259,630	33,524,671

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GOVERNMENTAL FUND TYPE REVENUES AND OTHER FINANCING SOURCES
PRIMARY GOVERNMENT
LAST TEN YEARS**

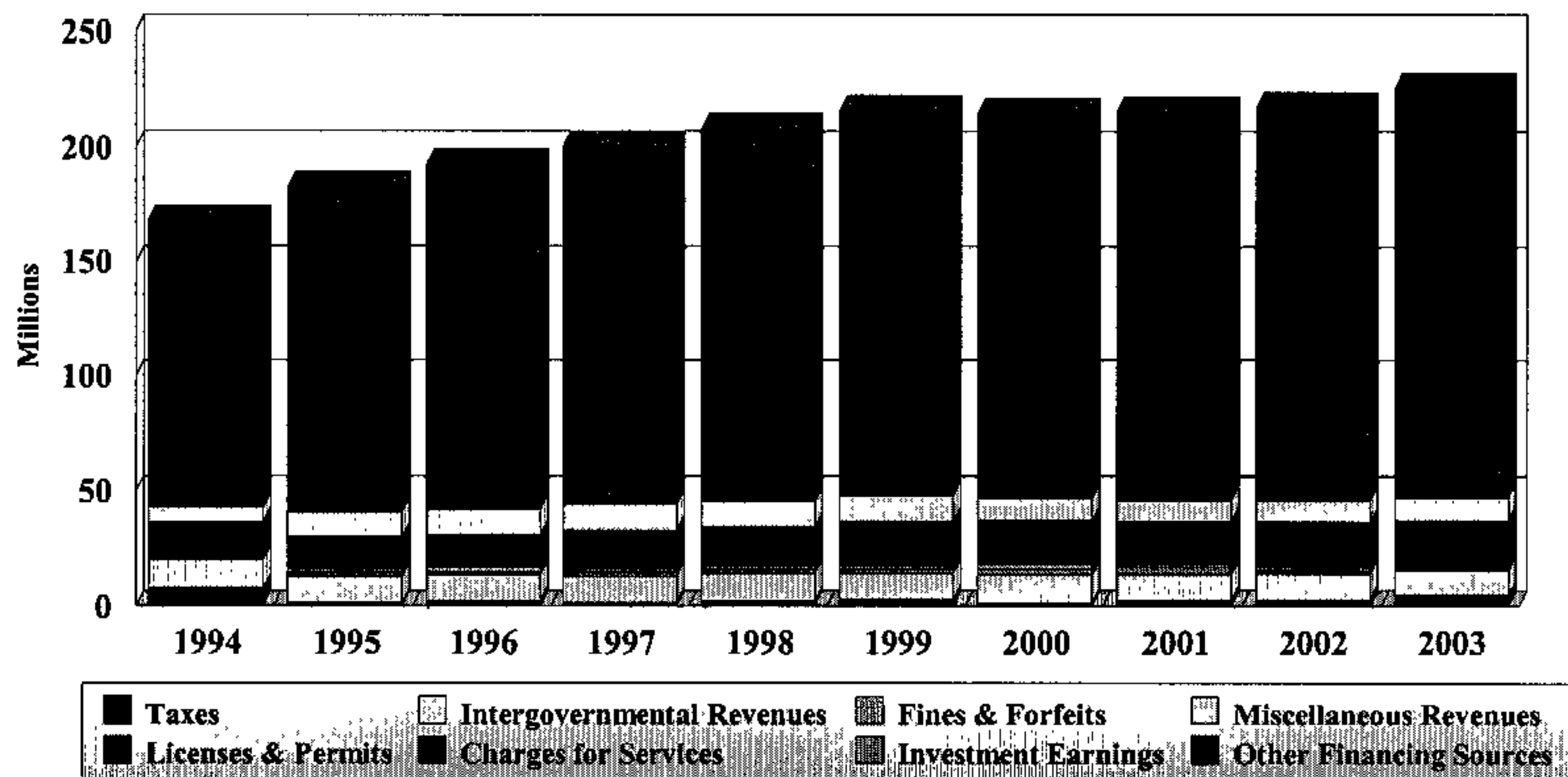


**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
LAST TEN YEARS**

<u>Year</u>	<u>Total</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- governmental Revenues</u>	<u>Charges for Services</u>	<u>Fines and Forfeits</u>
1994	\$167,965,797	\$122,261,708	\$2,754,084	\$ 6,290,476	\$13,566,792	\$1,819,888
1995	182,050,487	138,854,383	2,589,576	10,470,949	13,967,669	1,424,165
1996	192,226,921	147,305,845	2,914,367	11,263,149	14,154,692	1,529,699
1997	200,150,153	153,338,987	2,826,921	11,302,459	16,225,701	1,567,444
1998	207,505,287	159,561,146	2,799,733	11,066,268	16,439,149	1,162,126
1999	215,109,642	164,277,924	3,070,913	11,056,363	18,997,254	1,409,358
2000	213,662,061	164,332,179	2,838,900	9,317,378	19,294,735	1,689,015
2001	214,658,965	165,876,719	2,759,106	9,190,639	18,506,335	1,546,660
2002	216,321,519	167,411,480	2,915,318	9,478,103	19,549,596	1,438,317
2003	225,157,856	174,380,214	3,193,759	10,167,291	19,616,217	1,431,893

<u>Investment Earnings</u>	<u>Miscellaneous Revenues</u>	<u>Other Financing Sources</u>
\$1,157,794	\$12,433,310	\$7,681,745
1,946,589	11,315,402	1,481,754
1,643,647	11,041,980	2,373,542
1,903,366	11,079,248	1,906,027
2,305,662	11,865,060	2,306,143
2,093,016	11,548,371	2,656,443
2,945,016	11,553,945	1,690,893
3,349,954	11,228,636	2,200,916
1,234,692	11,181,424	3,112,589
785,253	10,606,541	4,976,688

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
LAST TEN YEARS**



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GENERAL FUND TAX REVENUES BY SOURCE
LAST TEN YEARS**

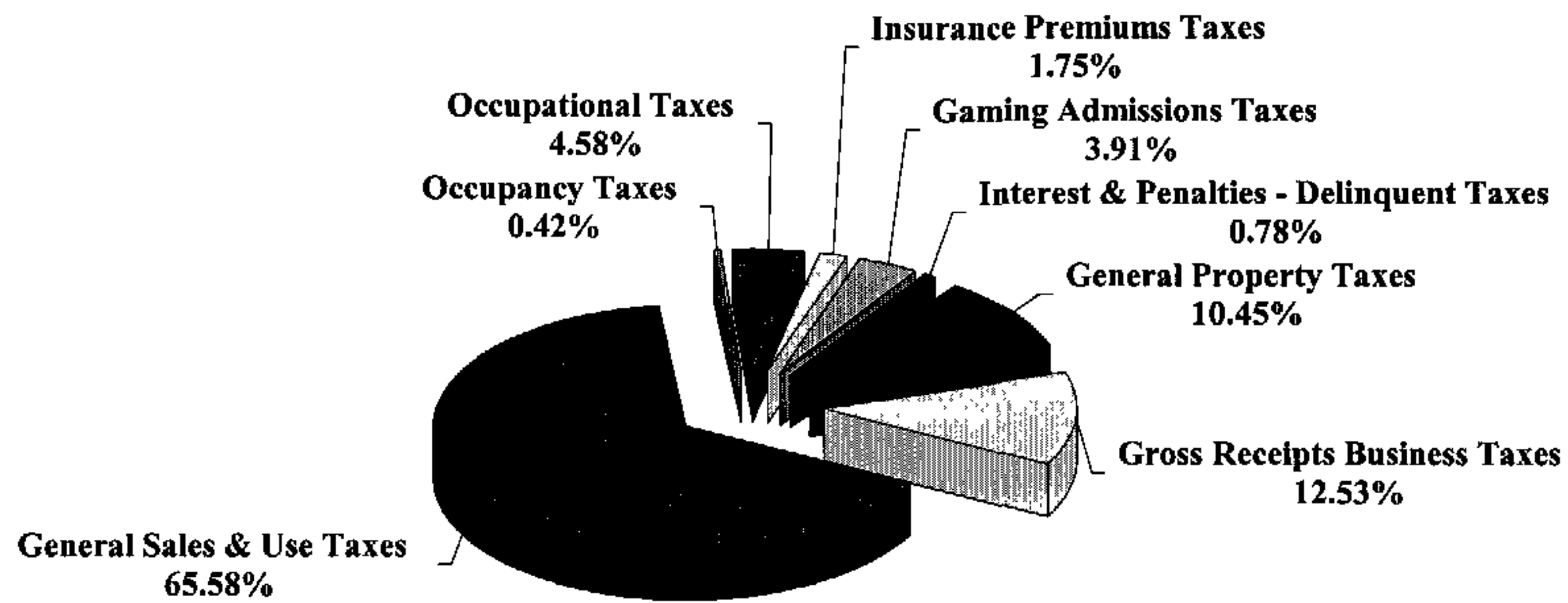
<u>Year</u>	<u>Total</u>	<u>General Property Taxes</u>	<u>Gross Receipts Business Taxes</u>	<u>General Sales and Use Taxes</u>	<u>Occupancy Taxes</u>	<u>Occu- pational Taxes</u>
1994	\$122,261,708	\$12,455,036	\$16,692,577	\$ 81,881,889	\$ --	\$5,620,602
1995	138,854,383	13,112,531	18,526,515	88,885,089	--	6,057,817
1996	147,305,845	13,488,009	17,878,832	96,451,955	--	5,847,445
1997	153,338,987	14,365,475	18,298,419	99,559,762	--	6,612,191
1998	159,561,146	15,153,213	18,554,173	105,532,011	--	6,675,712
1999	164,277,924	15,495,132	18,540,984	110,631,364	--	7,101,452
2000	164,332,179	15,383,050	20,503,808	110,176,695	--	7,113,392
2001	165,876,719	16,650,545	22,835,795	107,989,967	--	7,092,503
2002	167,411,480	17,364,141	20,507,647	109,890,937	772,347 *	7,343,976
2003	174,380,214	18,225,444	21,847,779	114,377,157	729,704	7,983,387

* During 2002, occupancy taxes previously recorded in the Riverside Centroplex Fund were deposited to the General Fund.

Source: Comprehensive Annual Financial Report

<u>Insurance Premiums Taxes</u>	<u>Gaming Admissions Taxes</u>	<u>Interest and Penalties- Delinquent Taxes</u>
\$2,416,304	\$ 1,877,979	\$1,317,321
2,969,461	8,254,369	1,048,601
2,817,827	8,626,811	2,194,966
2,816,105	10,028,668	1,658,367
2,790,832	9,415,495	1,439,710
2,955,211	8,216,068	1,337,713
2,832,468	7,010,225	1,312,541
2,947,040	7,054,025	1,306,844
3,071,734	7,131,320	1,329,378
3,054,020	6,819,775	1,342,948

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GENERAL FUND TAX REVENUES BY SOURCE
FOR THE YEAR ENDED DECEMBER 31, 2003**



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

EXHIBIT J - 6

<u>Year</u>	<u>Total Tax Levy</u>	<u>Collections</u>	<u>Percent of Levy Collected</u>	<u>Prior Year Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Collections to Tax Levy</u>
<u>City of Baton Rouge Sub Fund</u>						
1993	\$7,207,838	\$6,996,135	97.06 %	\$154,782	\$7,150,917	99.21 %
1994	7,346,852	7,186,633	97.82	164,460	7,351,093	100.06
1995	7,630,188	7,446,243	97.59	134,131	7,580,374	99.35
1996	7,923,458	7,756,358	97.89	126,883	7,883,241	99.49
1997	8,253,582	8,063,699	97.70	140,344	8,204,043	99.40
1998	8,662,650	8,388,954	96.84	97,277	8,486,231	97.96
1999	8,924,989	8,782,957	98.41	136,608	8,919,565	99.94
2000	9,233,409	9,056,440	98.08	105,071	9,161,511	99.22
2001	9,412,866	9,171,828	97.44	107,678	9,279,506	98.58
2002	9,622,772	9,402,985	97.72	97,600	9,500,585	98.73
2003	10,048,391					
<u>Parish of East Baton Rouge Sub Fund</u>						
1993	\$5,109,437	\$4,870,910	95.33 %	\$122,709	\$4,993,619	97.73 %
1994	5,255,610	5,062,722	96.33	137,405	5,200,127	98.94
1995	5,477,704	5,297,728	96.71	77,330	5,375,058	98.13
1996	5,698,781	5,530,813	97.05	79,484	5,610,297	98.45
1997	6,158,765	5,980,058	97.10	145,285	6,125,343	99.46
1998	6,635,226	6,422,070	96.79	52,132	6,474,202	97.57
1999	6,942,479	6,758,323	97.35	60,835	6,819,158	98.22
2000	7,172,500	6,939,318	96.75	67,904	7,007,222	97.70
2001	7,593,434	7,355,336	96.86	57,340	7,412,676	97.62
2002	7,946,684	7,680,424	96.65	40,301	7,720,725	97.16
2003	8,478,022					

"Total Tax Levy" represents the taxpayer portion of the original levy of the Assessor and is the amount to be paid by the taxpayer. The amounts to be paid by the taxpayer are ultimately collected in full except for adjustments due to assessment errors or delayed homestead exemptions.

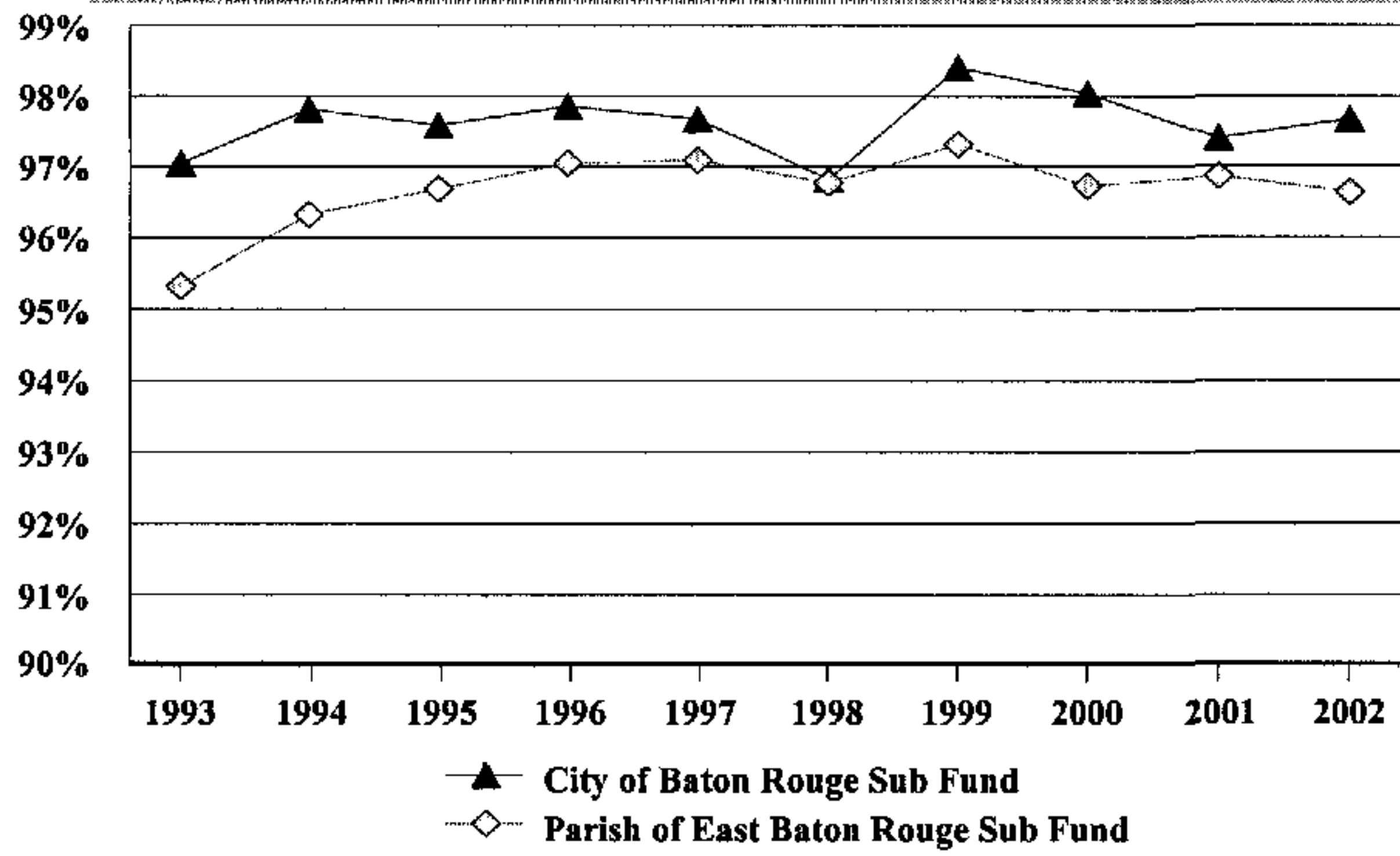
Source: East Baton Rouge Parish Assessor's Grand Recapitulation of the Assessment Roll for the Parish of East Baton Rouge.

Continued

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

EXHIBIT J - 6
(Continued)

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
PERCENT OF LEVY COLLECTED
LAST TEN YEARS



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS**

EXHIBIT J - 7

<u>Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value*</u>
<u>City of Baton Rouge</u>			
1994	\$ 840,600,932	\$ 7,641,826,655	11 %
1995	873,019,222	7,936,538,382	11
1996	932,171,540	8,474,286,727	11
1997	971,009,652	8,827,360,473	11
1998	1,019,135,241	9,264,865,827	11
1999	1,049,998,711	9,545,442,827	11
2000	1,107,123,367	10,064,757,882	11
2001	1,128,641,029	10,260,372,991	11
2002	1,153,809,550	10,489,177,727	11
2003	1,204,843,076	10,953,118,873	11
<u>Parish of East Baton Rouge</u>			
1994	\$1,674,869,070	\$15,226,082,455	11 %
1995	1,738,389,370	15,803,539,727	11
1996	1,864,291,960	16,948,108,764	11
1997	1,984,916,760	18,044,697,818	11
1998	2,110,523,938	19,186,581,255	11
1999	2,196,149,252	19,964,993,200	11
2000	2,324,089,310	21,128,084,636	11
2001	2,437,458,220	22,158,711,091	11
2002	2,533,605,400	23,032,776,364	11
2003	2,669,273,996 **	24,266,127,236	11

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

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

**Exempt Properties

Does not include exempt assessed valuations as follows:

	<u>2003</u>	<u>2002</u>
(a) Manufacturing plants under a ten-year contract	\$491,031,632	\$518,695,478
(b) Churches, schools, and government buildings	<u>62,784,138</u>	<u>61,120,413</u>
Total Exempt Properties	<u>\$553,815,770</u>	<u>\$579,815,891</u>

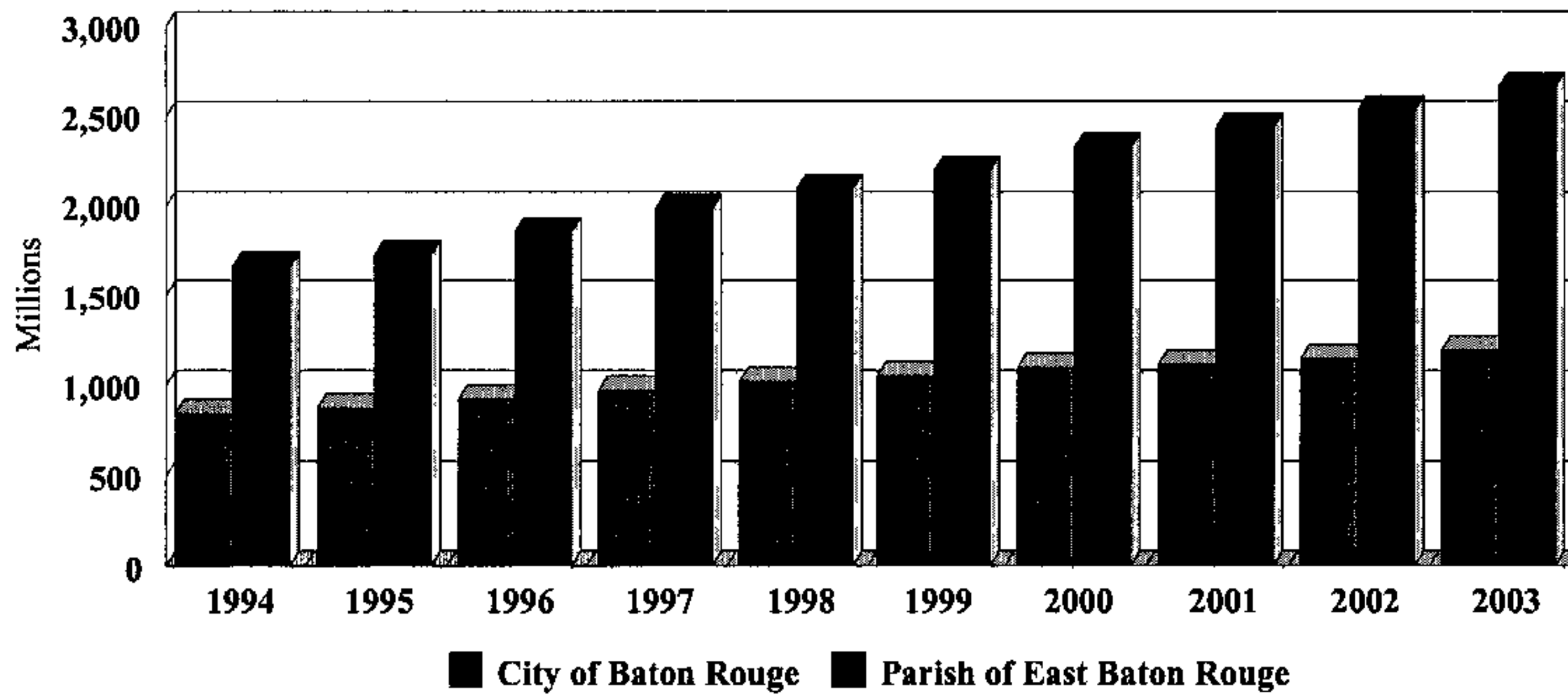
Source: East Baton Rouge Parish Assessor's Grand Recapitulation of the Assessment Roll for the Parish of East Baton Rouge.

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS**

EXHIBIT J - 7
(Continued)

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN YEARS**



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS (1)
LAST TEN YEARS**

<u>Year</u>	<u>City</u>		<u>Parish</u>			
	<u>Operating</u>	<u>Operating</u>	<u>Debt Service (2)</u>	<u>Mosquito and Rodent Tax</u>	<u>Emergency Medical Services</u>	<u>Library Board of Control</u>
<u>TAX RATES (mills per dollar)</u>						
1994	8.74	4.38	2.85	1.23	3.13	8.33
1995	8.74	4.38	2.85	1.23	3.13	8.33
1996	8.50	4.20	1.22	1.18	3.00	11.10
1997	8.50	4.20	0.63	1.18	3.00	11.10
1998	8.50	4.20	--	1.18	3.00	11.10
1999	8.50	4.20	--	1.18	3.00	11.10
2000	8.34	4.06	--	1.14	2.90	10.72
2001	8.34	4.06	--	1.14	2.90	10.72
2002	8.34	4.06	--	1.14	2.90	10.72
2003	8.34	4.06	--	1.14	2.90	10.72

<u>TAX LEVIES</u>						
1994	\$7,346,852	\$7,335,927	\$4,773,377	\$2,060,089	\$5,242,340	\$13,951,659
1995	7,630,188	7,614,145	4,954,410	2,138,219	5,441,159	14,480,783
1996	7,923,458	7,830,026	2,274,436	2,199,865	5,592,876	20,693,641
1997	8,253,582	8,336,650	1,250,498	2,342,202	5,954,750	22,032,576
1998	8,662,650	8,864,201	--	2,490,418	6,331,572	23,426,816
1999	8,924,989	9,223,827	--	2,591,456	6,588,448	24,377,257
2000	9,233,409	9,435,803	--	2,649,462	6,739,859	24,914,237
2001	9,412,866	9,896,080	--	2,778,702	7,068,629	26,129,552
2002	9,622,772	10,286,438	--	2,888,310	7,347,456	27,160,250
2003	10,048,391	10,837,252	--	3,042,972	7,740,895	28,614,617

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

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

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

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

<u>School District</u>	<u>Recreation and Park</u>	<u>Law Enforcement District</u>	<u>Assessor's Salary and Expense Fund</u>	<u>Total</u>
<u>TAX RATES (mills per dollar)</u>				
45.34	9.45	14.99	1.60	100.04
45.34	11.45	14.99	1.60	102.04
43.45	10.97	14.99	1.53	100.14
43.45	10.95	14.99	1.53	99.53
43.45	10.95	14.99	1.53	98.90
43.45	10.95	14.99	1.53	98.90
43.45	10.95	14.99	1.48	98.03
43.45	10.95	14.99	1.48	98.03
43.45	10.95	14.99	1.48	98.03
43.45	10.95	14.99	1.48	98.03

TAX LEVIES

\$ 75,938,564	\$15,827,513	\$25,106,287	\$2,679,791	\$160,262,399
78,818,574	19,904,558	26,058,457	2,781,423	169,821,916
81,003,486	20,451,283	27,945,737	2,852,367	178,767,175
86,244,633	21,734,839	29,753,902	3,036,923	188,940,555
91,702,265	23,110,237	31,636,754	3,229,102	199,454,015
95,422,686	24,047,834	32,920,277	3,360,108	207,456,882
100,981,681	25,448,778	34,838,099	3,439,652	217,680,980
105,907,560	26,690,168	36,537,499	3,607,438	228,028,494
110,085,155	27,742,979	37,978,745	3,749,736	236,861,841
109,279,071	29,228,550	40,012,417	3,950,525	242,754,690

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

(2) Parishwide debt.

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

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
PRINCIPAL TAXPAYERS
DECEMBER 31, 2003**

EXHIBIT J - 9

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation (1)</u>	<u>Percentage of Total Assessed Valuation</u>
ExxonMobil Corporation	Petroleum Products	\$194,763,840	7.69 %
Entergy, Inc.	Electric and Gas Utility	63,553,840	2.51
Bellsouth Communications	Telephone Utility	50,308,350	1.99
Bank One	Bank	48,848,150	1.93
Georgia-Pacific Corporation	Pulp and Paper Products	41,471,750	1.64
Hibernia National Bank	Bank	28,447,250	1.12
Formosa Plastics	Plastic Manufacturer	18,576,850	0.73
Baton Rouge Water Works	Water Utility	15,074,950	0.59
Wal-Mart	Retail Store	13,713,450	0.54
Union Planters Bank	Bank	<u>13,235,250</u>	<u>0.52</u>
		<u>\$487,993,680</u>	<u>19.26 %</u>

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

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN YEARS**

EXHIBIT J - 10

<u>Year</u>	<u>Assessments Beginning of Year</u>	<u>Additions and Adjustments</u>	<u>Collections</u>	<u>Assessments End of Year</u>
1994	\$298,625	\$2,333	\$12,395	\$288,563
1995	288,563	4,602	4,296	288,869
1996	288,869	180	12,607	276,442
1997	276,442	(29,011)	5,395	242,036
1998	242,036	220,938	15,765	447,209
1999	447,209	--	43,776	403,433
2000	403,433	588	34,384	369,637
2001	369,637	370	42,271	327,736
2002	327,736	--	17,671	310,065
2003	310,065	404	35,871	274,598 (1)

(1) Assessments End of Year includes \$40,497 for paving assessments accounted for in the General Fund. Street lighting assessments in the amount of \$13,918 are accounted for in the Capital Projects Fund. Sewer assessments in the amount of \$220,183 are accounted for in the Comprehensive Sewerage System Fund.

Source: Finance Department Records

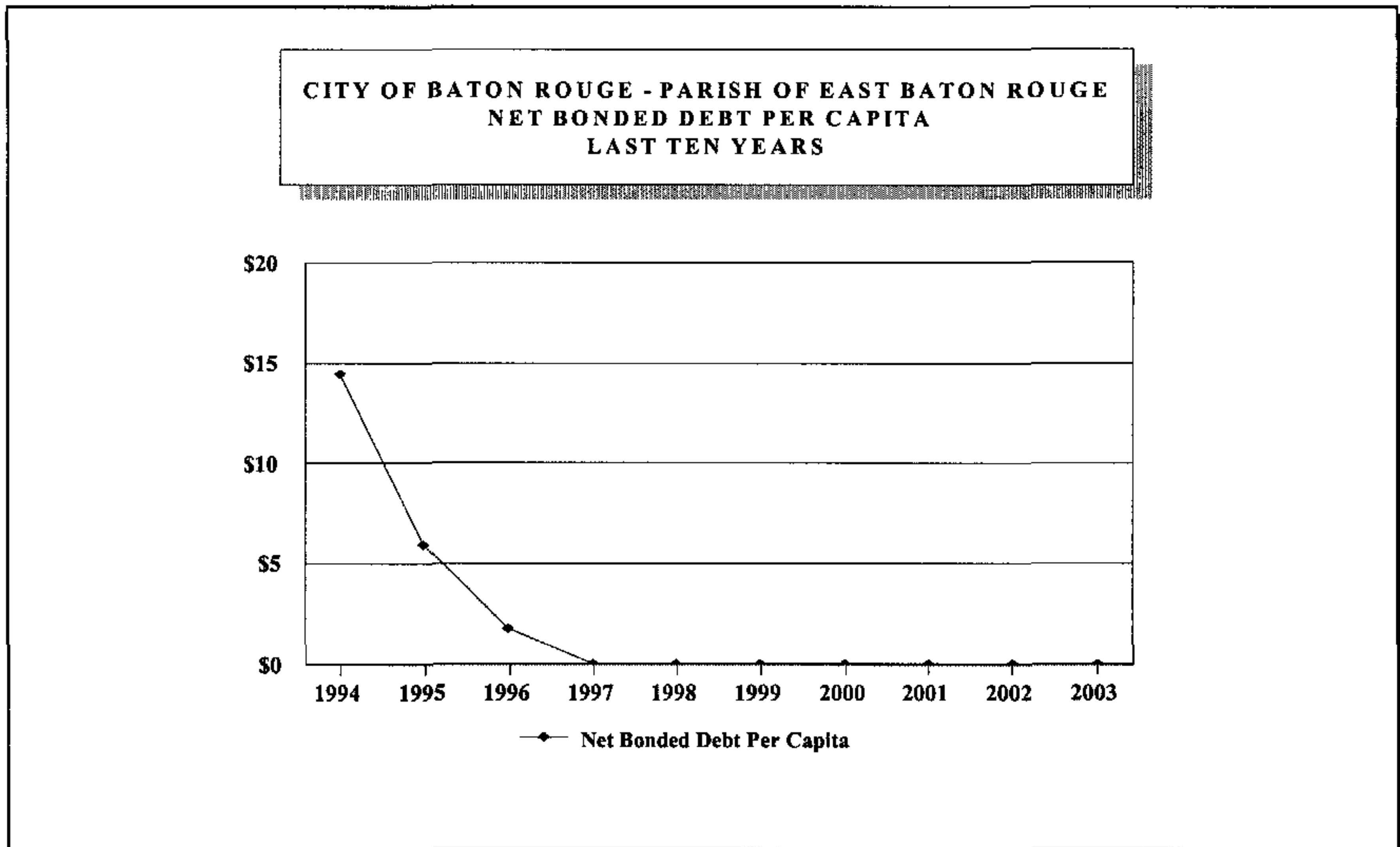
**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
RATIO OF NET BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS**

EXHIBIT J - 11

<u>Year</u>	<u>Population (1)</u>	<u>Assessed Value</u>	<u>General Obligation Bonded Debt</u>	<u>Less Debt Service Fund (3)</u>	<u>Net Bonded Debt (4)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1994	396,364	\$1,674,869,070	\$9,330,000	\$3,580,668	\$5,749,332	0.34 %	\$15
1995	398,661	1,738,389,370	6,550,000	4,182,365	2,367,635	0.14	6
1996	399,992	1,864,291,960	3,655,000	2,944,079	710,921	0.04	2
1997	396,331	1,984,916,760	1,300,000	1,300,000	--	--	--
1998	396,556	2,110,523,938	--	--	--	--	--
1999	399,105	2,196,149,252	--	--	--	--	--
2000	412,852 (2)	2,324,089,310	--	--	--	--	--
2001	414,040	2,437,458,220	--	--	--	--	--
2002	414,833	2,533,605,400	--	--	--	--	--
2003	416,881	2,669,273,996	--	--	--	--	--

- (1) Estimates - Planning Commission
- (2) Official U. S. Census
- (3) Amount available for repayment of general obligation and limited tax bond principal
- (4) Revenue bonds and excess revenue bonds, certificates of indebtedness, notes and contracts are not included in this exhibit.

Source: Comprehensive Annual Financial Report



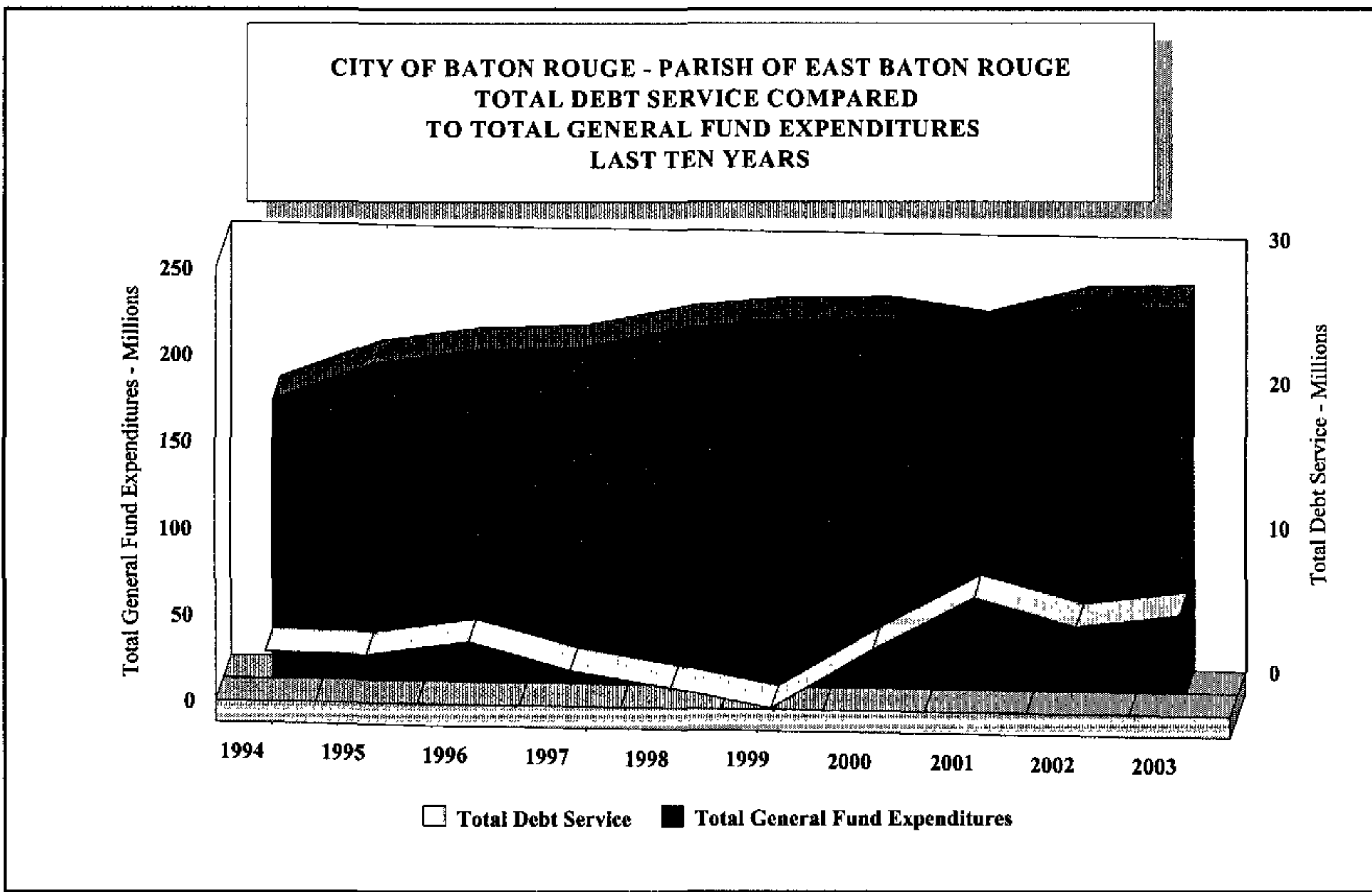
**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN YEARS**

EXHIBIT J - 12

<u>Year</u>	<u>Principal</u>	<u>Interest (1)</u>	<u>Total Debt Service (2)</u>	<u>Total General Fund Expenditures (3)</u>	<u>Ratio of Debt Service to General Fund Expenditures</u>
1994	\$2,943,306	\$551,651	\$3,494,957	\$160,757,546	2.17 %
1995	2,849,810	408,251	3,258,061	182,325,959	1.79
1996	4,101,763	291,318	4,393,081	191,305,543	2.30
1997	2,364,966	102,044	2,467,010	193,078,160	1.28
1998	1,310,943	38,416	1,349,359	205,993,560	0.66
1999	12,117	5,332	17,449	211,545,341	0.01
2000	601,409 (4)	3,683,161 (4)	4,284,570	213,431,525	2.01
2001	2,927,960 (5)	5,067,403	7,995,363	205,411,122	3.89
2002	1,878,375 (6)	4,264,246	6,142,621	220,902,902	2.78
2003	4,368,945 (7)	2,648,980	7,017,925	222,465,948	3.15

- (1) Excludes paying agent fees and other costs.
- (2) Total Debt Service includes excess revenue bonds, certificates and notes.
- (3) Includes Expenditures and Other Uses (encumbrances not included) of the General Fund only.
- (4) The City signed a long-term note with the State Municipal Police Employees' Retirement System in the amount of \$72,738,769.
- (5) The Parish advance paid principal in the amount of \$1,840,373 on the LA Community Development Authority note.
- (6) The Parish advance paid principal in the amount of \$840,000 on the LA Community Development Authority note.
- (7) The Parish advance paid principal in the amount of \$1,933,945 on the LA Community Development Authority note.

Source: Comprehensive Annual Financial Report



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2003**

	<u>Gross Debt Outstanding</u>	<u>Amounts in Debt Service Fund For Principal</u>	<u>Net Debt Outstanding</u>
<u>City of Baton Rouge:</u>			
2002A Fixed Rate Taxable Refunding	\$ 25,035,000	\$ --	\$ 25,035,000
2002B Fixed Rate Taxable Refunding	46,300,000	--	46,300,000
<u>Parish of East Baton Rouge:</u>			
LA Community Development Authority	<u>2,134,555</u>	<u>--</u>	<u>2,134,555</u>
Total direct debt	<u>73,469,555</u>	<u>--</u>	<u>73,469,555</u>
<u>Overlapping Debt:</u>			
City of Baker	1,705,000	1,154,390	550,610
City of Zachary	897,712	--	897,712
Hospital Service District No. 1 (Lane Memorial Hospital)	8,507,306	983,647	7,523,659
St. George Fire Protection District	1,632,674	--	1,632,674
East Baton Rouge Parish School System	3,340,455	--	3,340,455
Port of Greater Baton Rouge	<u>8,019,954</u>	<u>320,000</u>	<u>7,699,954</u>
Total overlapping debt	<u>24,103,101</u>	<u>2,458,037</u>	<u>21,645,064</u>
Total direct and overlapping debt	<u>\$ 97,572,656</u>	<u>\$ 2,458,037</u>	<u>\$ 95,114,619</u>
2003 Population			
Per Capita			

<u>Parish</u>		<u>City</u>	
<u>Percent</u>	<u>Share of Debt</u>	<u>Percent</u>	<u>Share of Debt</u>
100 %	\$ 25,035,000	100 %	\$ 25,035,000
100	46,300,000	100	46,300,000
100	<u>2,134,555</u>	45	<u>960,550</u>
	<u>73,469,555</u>		<u>72,295,550</u>
100	550,610	--	--
100	897,712	--	--
100	7,523,659	--	--
100	1,632,674	--	--
100	3,340,455	45	1,503,205
100	<u>7,699,954</u>	100	<u>7,699,954</u>
	<u>21,645,064</u>		<u>9,203,159</u>
	<u>\$ 95,114,619</u>		<u>\$ 81,498,709</u>
	<u>416,881</u>		<u>229,667</u>
	<u>\$228</u>		<u>\$355</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SUMMARY OF REVENUE BOND COVERAGE
LAST TEN YEARS**

EXHIBIT J - 14

SCHEDULE A- PUBLIC IMPROVEMENT SALES TAX - SEWER (1/2%)

Year	Gross Revenue (2)	Expenses (3)	Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest (1)	Total	
1994	\$23,595,872	\$295,723	\$23,300,149	\$1,545,000	\$ 9,541,639	\$11,086,639	2.10
1995	25,167,277	292,682	24,874,595	3,065,000	9,968,885	13,033,885	1.91
1996	27,378,976	289,369	27,089,607	3,605,000	12,168,515	15,773,515	1.72
1997	28,111,049	310,592	27,800,457	4,080,000	12,752,811	16,832,811	1.65
1998	29,939,127	313,501	29,625,626	4,444,000	12,397,987	16,841,987	1.76
1999	30,466,913	323,639	30,143,274	4,810,000	11,604,018	16,414,018	1.84
2000	31,209,926	289,000	30,920,926	6,110,000	13,924,207	20,034,207	1.54
2001	30,417,224	265,929	30,151,295	6,630,000	13,408,005	20,038,005	1.50
2002	30,745,621	284,997	30,460,624	7,210,000	13,868,884	21,078,884	1.45
2003	31,739,091	284,602	31,454,489	7,785,000	12,185,787	19,970,787	1.58

SCHEDULE B - CITY SALES TAX (2%)

Year	Gross Revenue (4)	Expenses (5)	Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest (1)	Total	
1994	\$70,508,633	\$ --	\$70,508,633	\$4,565,000	\$8,552,838	\$13,117,838	5.38
1995	73,551,183	--	73,551,183	4,960,000	8,213,678	13,173,678	5.58
1996	77,653,910	--	77,653,910	5,385,000	7,783,874	13,168,874	5.90
1997	80,565,270	--	80,565,270	5,860,000	7,312,606	13,172,606	6.12
1998	77,582,757	360,000	77,222,757	5,640,000	7,548,727	13,188,727	5.86
1999	79,171,844	--	79,171,844	6,000,000	5,421,613	11,421,613	6.93
2000	78,274,925	--	78,274,925	5,620,000	6,336,631	11,956,631	6.55
2001	78,508,665	--	78,508,665	7,035,000	5,903,227	12,938,227	6.07
2002	77,319,666	--	77,319,666	8,565,000	6,560,011	15,125,011	5.11
2003	78,348,495	--	78,348,495	9,210,000	6,274,835	15,484,835	5.06

SCHEDULE C - PARISH SALES TAX (2%)

Year	Gross Revenue (4)	Expenses (5)	Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest (1)	Total	
1994	\$25,258,905	\$ --	\$25,258,905	\$245,000	\$411,849	\$656,849	38.45
1995	29,129,135	--	29,129,135	260,000	396,093	656,093	44.40
1996	32,626,109	--	32,626,109	275,000	379,217	654,217	49.87
1997	34,683,096	--	34,683,096	295,000	361,042	656,042	52.87
1998	42,429,476	88,591	42,340,885	315,000	340,777	655,777	64.57
1999	43,959,488	--	43,959,488	340,000	156,853	496,853	88.48
2000	44,821,104	--	44,821,104	320,000	189,993	509,993	87.89
2001	45,601,245	--	45,601,245	440,000	176,072	616,072	74.02
2002	48,233,190	--	48,233,190	470,000	156,952	626,952	76.93
2003	52,238,042	--	52,238,042	505,000	144,747	649,747	80.40

- (1) Fiscal charges included
- (2) Total sales tax revenues plus interest earnings on sales tax revenues
- (3) Total sales tax collection costs
- (4) Total general sales and use taxes in the general and debt service funds plus interest earnings on sales tax revenues in the City and Parish Sales Tax Bonds Debt Service Funds and operating transfers in
- (5) Refunding bond issuance costs

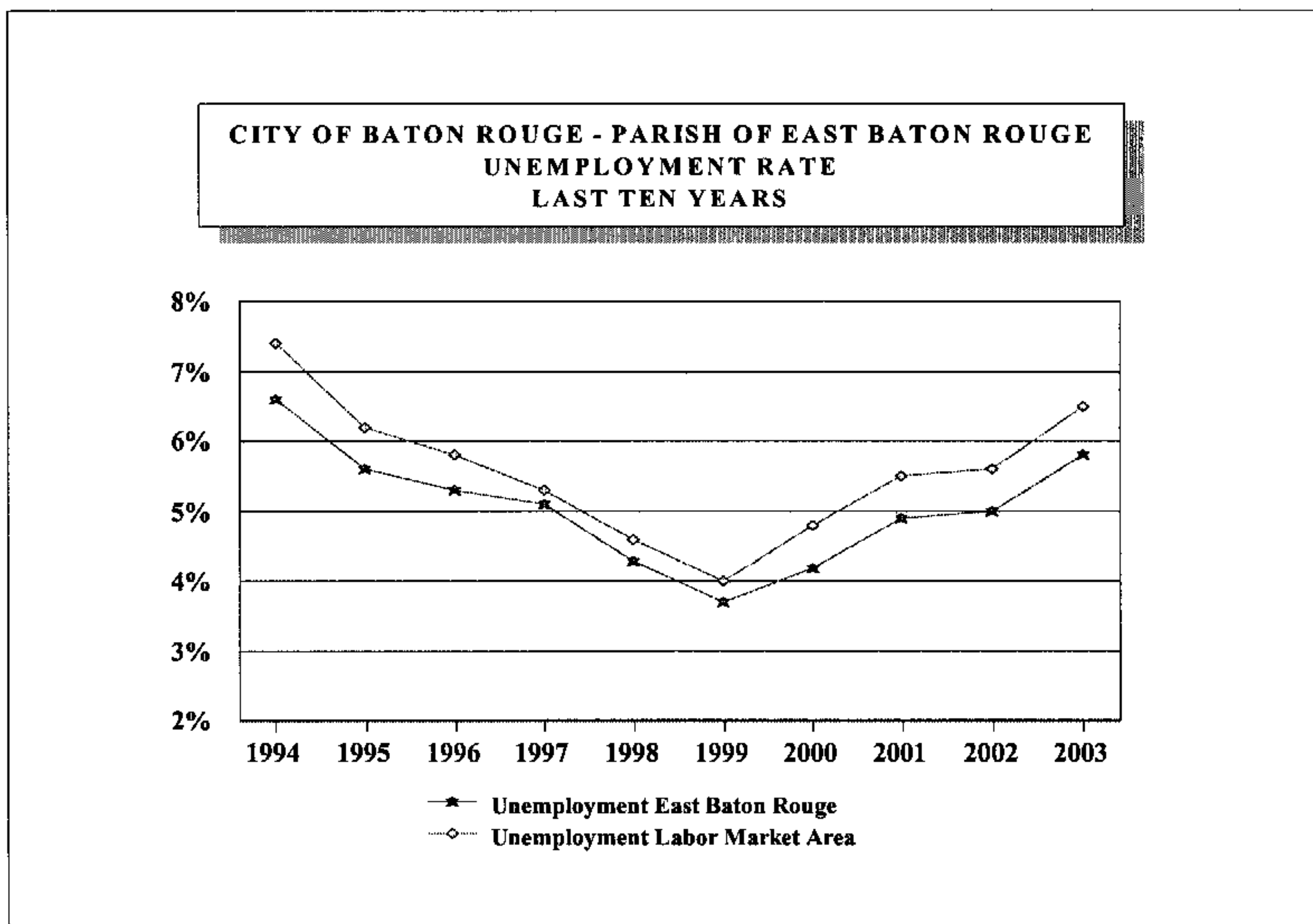
**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

EXHIBIT J - 15

<u>Year</u>	<u>Popu- lation (1)</u>	<u>Per Capita Income (3)</u>	<u>Median Age (1)</u>	<u>Public School Enrollment (4)</u>	<u>Unem- ployment East Baton Rouge (5)</u>	<u>Unem- ployment Labor Market Area (6)</u>
1994	396,364	18,798	29.9	59,026	6.6	7.4
1995	398,661	19,288	29.9	57,430	5.6	6.2
1996	399,992	20,484	29.9	55,970	5.3	5.8
1997	396,331	22,361	29.9	53,379	5.1	5.3
1998	396,556	23,077	29.9	55,507	4.3	4.6
1999	399,105	23,561	29.9	54,443	3.7	4.0
2000	412,852 (2)	25,592	31.5	52,213	4.2	4.8
2001	414,040	26,604	31.5	51,258	4.9	5.5
2002	414,833	25,956	31.5	52,570	5.0	5.6
2003	416,881	27,073	30.4	52,309	5.8 (7)	6.5 (7)

All information is Parishwide

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



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
CONSTRUCTION AND BANK DEPOSITS
LAST TEN YEARS**

EXHIBIT J - 16

Year	Commercial Construction (1)		Residential Construction (1)		Bank Deposits (3) (In Thousands)
	Number Of Permits	Value	Number Of Permits	Value	
1994	948	\$205,269,598	2,529	\$123,468,138	\$16,502,452 (2)
1995	958	210,975,208	2,160	93,878,466	17,685,694 (2)
1996	1,037	262,585,974	2,312	109,909,237	19,428,938 (2)
1997	1,104	197,840,970	2,081	100,546,972	19,214,205 (2)
1998	870	218,408,621	2,182	107,752,471	4,697,591
1999	991	279,127,563	2,382	117,686,932	5,263,770
2000	907	276,550,291	1,832	97,868,821	5,180,209
2001	837	281,290,772	2,343	122,285,336	5,118,304
2002	938	307,698,093	2,121	128,520,845	See Below
2003	998	310,668,484	2,581	163,072,160	See Below

	Bank Deposits (In Thousands) (3)	
	June 30, 2003	June 30, 2002
Hibernia National Bank	\$1,764,500	\$1,468,889
Bank One, N.A.	2,429,370	2,406,672
Alliance Bank of Baton Rouge	67,639	51,100
American Gateway Bank	55,290	--
Whitney National Bank	277,909	257,006
Regions Bank of Louisiana	239,631	248,882
Bank One Trust Company, National Association	17,182	23,187
Hancock Bank of Louisiana	635,694	613,184
Union Planters Bank	618,810	568,840
Britton & Koontz First National Bank	34,274	29,999
AmSouth Bank	78,873	77,430
Liberty Bank & Trust Company	17,358	17,361
Citizens Bank & Trust Company	33,168	38,754
Bank of West Baton Rouge	--	49,081
Bank of Zachary	95,018	89,968
Business Bank of Baton Rouge	119,411	87,307
First National Banker's Bank	77,746	74,223
First Bank and Trust	29,592	57
First Bank	40,990	33,287
Dillard National Bank	500	500
The Highlands Bank	5,775	1,183
Clinton Bank & Trust Company	10,371	6,286
Fidelity Bank & Trust Company	89,358	71,727
Total Deposits	\$6,738,459	\$6,214,923

All Information is Parishwide unless otherwise noted.

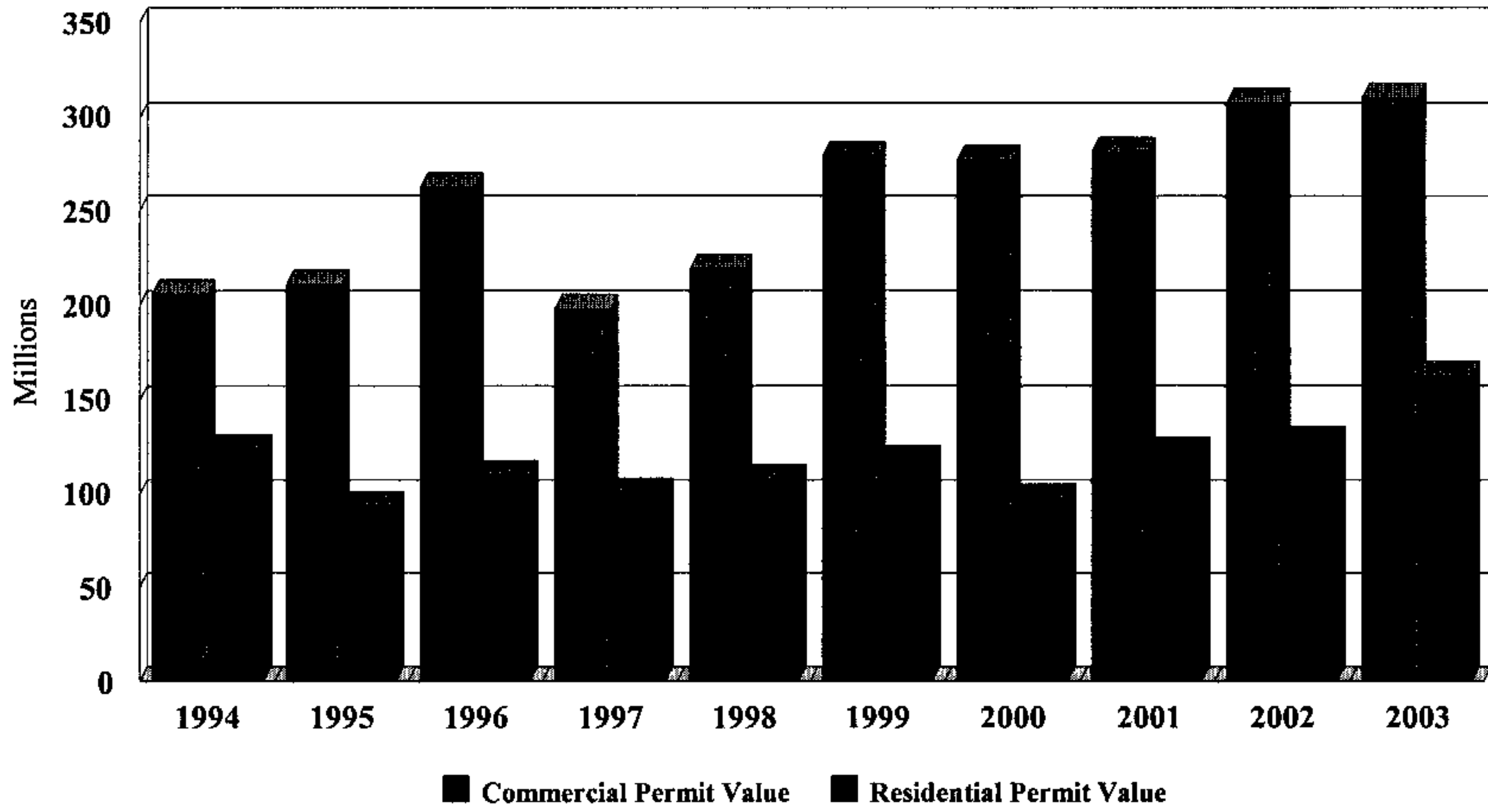
- (1) Source: Department of Public Works - Inspection Division
- (2) Previous to 1998 some banks only released state-wide deposit amounts.
- (3) Source: Louisiana State Office of Financial Institutions

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
CONSTRUCTION AND BANK DEPOSITS
LAST TEN YEARS**

EXHIBIT J - 16
(Continued)

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
CONSTRUCTION PERMIT VALUE
LAST TEN YEARS**



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
MISCELLANEOUS STATISTICS
DECEMBER 31, 2003**

EXHIBIT J - 17

Date of Incorporation (1)	July 6, 1817
Form of Government (2)	Mayor - Council City-Parish Consolidation
Area (3)	City 76.55 sq. miles Parish 472.10 sq. miles
Number of Street Lights (4)	34,725
Fire Protection (5) (City Only)	
Number of Stations	19
Number of Fire Fighters and Officers (exclusive of volunteer fire fighters)	508
Police Protection (6) (City Only)	
Number of Stations	4
Number of Police Officers	676
Education (Public Pre-K - 12 & Charter)* (7)	
Attendance Centers	93
Number of Teachers	3,780
Number of Students	52,309
Sewers* (4)	
Pumping Stations	436
Secondary Treatment Plants	3
Value of Building Permits Issued (4)	
1999	\$ 403,515,293
2000	\$ 381,308,186
2001	\$ 409,420,878
2002	\$ 441,693,034
2003	\$ 480,600,388
Recreation and Culture* (8)	
Number of Libraries	12
Number of Volumes	1,815,499
Employees* (9) (Primary Government)	
Classified	4,564
Unclassified	102
Elected	26

***Parishwide**

- (1) Foundation for Historical Louisiana, The Baton Rouge Story: An Historical Sketch of Louisiana's Capital City, c. 1967.
- (2) "The Plan of Government" of the Parish of East Baton Rouge and the City of Baton Rouge
- (3) Planning Commission
- (4) Department of Public Works
- (5) Fire Department
- (6) Police Department
- (7) East Baton Rouge Parish School Board. This is the official count on which state funding is based.
- (8) East Baton Rouge Parish Library
- (9) Human Resources

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
MISCELLANEOUS STATISTICS
DECEMBER 31, 2003**

EXHIBIT J - 17
(Continued)

<u>Population (1)</u>	<u>City</u>	<u>Parish</u>
1989	242,045	384,006
1990	219,531	380,105
1991	221,208	383,983
1992	223,622	390,763
1993	226,647	393,923
1994	228,101	396,364
1995	230,460	398,661
1996	231,219	399,992
1997	231,276	396,331
1998	232,637	396,556
1999	234,226	399,105
2000	227,818	412,852
2001	227,818	414,040
2002	229,132	414,833
2003	229,667	416,881

(1) Source: Estimates - Planning Commission

Ten Largest Employers by Industry (2)

Company Name

Public Schools	East Baton Rouge Parish School Board
University	Louisiana State University - Baton Rouge
Retail	Wal-Mart Stores, Inc.
Government	City of Baton Rouge - Parish of East Baton Rouge
Petroleum Products Chemical Products Plastic Products	Exxon Corporation - Houston, TX
Hospital	Our Lady of the Lake Regional Medical Center
Construction	Performance Contractors, Inc.
Oilfield Services Industry	BHI - Administration Management
Construction	J E Merit Construction, Inc.
Construction and Industrial Maintenance	Harmony, LLC

(2) Source: Louisiana Department of Labor - based on information available as of the first quarter of 2003.
Includes firms with 1,000 or more employees.



CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

DECEMBER 31, 2003





Postlethwaite & Netterville

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

**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 Mayor-President
and Members of the Metropolitan Council
City of Baton Rouge and Parish of East Baton Rouge:

We have audited the financial statements of the City of Baton Rouge and Parish of East Baton Rouge (the City-Parish) as of and for the year ended December 31, 2003, and have issued our report thereon dated May 25, 2004, which includes a reference to the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City-Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City-Parish in a separate letter dated May 25, 2004.

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

Postlethwaite & Nettville

Baton Rouge, Louisiana
May 25, 2004



Postlethwaite & Netterville

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

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

Compliance

We have audited the compliance of the City of Baton Rouge and Parish of East Baton Rouge (the City-Parish) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The City-Parish's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City Parish's management. Our responsibility is to express an opinion on the City-Parish's compliance based on our audit.

The City-Parish's basic financial statements include the operations of the District Attorney of the Nineteenth Judicial District (the District Attorney) and the Capital Transportation Corporation, presented as component units. These entities expended \$747,850 and \$5,588,691 of federal grant funding during the year ended December 31, 2003, respectively, that does not appear in the accompanying schedule of expenditures of federal awards for the year ended December 31, 2003. Our audit of compliance, described below, did not include the programs of the District Attorney and the Capital Transportation Corporation, as those entities were audited under separate engagements.

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

In our opinion, the City-Parish complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2003-1 through 2003-4.

Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect City-Parish's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003-1 and 2003-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the City-Parish as of and for the year ended December 31, 2003, and have issued our report thereon dated May 25, 2004, which includes a reference to the report of other auditors. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended December 31, 2003, as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Postlethwaite & Nettleton

Baton Rouge, Louisiana

May 25, 2004





**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SUMMARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<u>FEDERAL AGENCY - SCHEDULE A</u>			
U.S. Department of Housing and Urban Development	\$ 13,635,614	\$ 456,609	\$ 14,092,223
U.S. Department of Health and Human Services	10,515,844	2,180	10,518,024
Department of Homeland Security	1,756,025	67,769	1,823,794
Federal Emergency Management Agency	19,984	--	19,984
U.S. Department of Transportation - FHWA	7,799,476	876,647	8,676,123
U.S. Department of Transportation - National Highway Traffic Safety Administration	27,672	--	27,672
U.S. Department of Transportation	5,071	--	5,071
U.S. Department of Energy	45,183	--	45,183
U.S. Department of Agriculture	2,121,069	147,371	2,268,440
U.S. Department of Education - Rehabilitation Service Administration	92,113	--	92,113
U.S. Department of Labor	5,159,583	--	5,159,583
U. S. Department of Justice	1,240,227	130,418	1,370,645
U. S. Environmental Protection Agency	67,182	--	67,182
U. S. Department of the Interior	2,767	--	2,767
Federal Highway Administration & Private Donations	5,775	--	5,775
TOTAL FEDERAL AGENCY - SCHEDULE A	<u>\$ 42,493,585</u>	<u>\$ 1,680,994</u>	<u>\$ 44,174,579</u>
 <u>FEDERAL AGENCY - SCHEDULE B</u>			
U.S. Department of Transportation - FTA	\$ 1,248,504	\$ 252,848	\$ 1,501,352
U.S. Department of Transportation - FAA	11,960,010	--	11,960,010
U.S. Department of Homeland Security	111,237	--	111,237
U. S. Environmental Protection Agency	857,265	701,397	1,558,662
TOTAL FEDERAL AGENCY - SCHEDULE B	<u>\$ 14,177,016</u>	<u>\$ 954,245</u>	<u>\$ 15,131,261</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

SCHEDULE A

<u>Name of Grants & Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<u>FEDERAL GRANTS</u>						
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>						
121004						
<u>Direct Programs:</u>						
<u>Community Development:</u>						
Block Grant - 1990	182.431602	14.218	B-90-MC-22-0002	\$ 4,830	\$ --	\$ 4,830
Block Grant - 1994	182.431602	14.218	B-94-MC-22-0002	46,537	--	46,537
Block Grant - 1995	182.431602	14.218	B-95-MC-22-0002	33,950	--	33,950
Block Grant - 1996	182.431602	14.218	B-96-MC-22-0002	106,664	1,817	108,481
Block Grant - 1997	182.431602	14.218	B-97-MC-22-0002	--	771	771
Block Grant - 1998	182.431602	14.218	B-98-MC-22-0002	268,271	--	268,271
Block Grant - 1999	182.431602	14.218	B-99-MC-22-0002	1,061,905	10,571	1,072,476
Block Grant - 2000	182.431602	14.218	B-00-MC-22-0002	250,962	33,512	284,474
Block Grant - 2001	182.431602	14.218	B-01-MC-22-0002	1,084,707	118,000	1,202,707
Block Grant - 2002	182.431602	14.218	B-02-MC-22-0002	3,357,570	8,622	3,366,192
Block Grant - 2003	182.431602	14.218	B-03-MC-22-0002	807,476	2,244	809,720
SUBTOTAL CFDA NUMBER 14.218				7,022,872	175,537	7,198,409
Home Grant - 1992	183.431602	14.239	M-92-MC-22-0204	111	281,072	281,183
Home Grant - 1994	183.431602	14.239	M-94-MC-22-0204	578	--	578
Home Grant - 1995	183.431602	14.239	M-95-MC-22-0204	(3,348)	--	(3,348)
Home Grant - 1996	183.431602	14.239	M-96-MC-22-0204	4,324	--	4,324
Home Grant - 1997	183.431602	14.239	M-97-MC-02-0204	(4,050)	--	(4,050)
Home Grant - 1998	183.431602	14.239	M-98-MC-02-0204	23,924	--	23,924
Home Grant - 1999	183.431602	14.239	M-99-MC-02-0204	165,304	--	165,304
Home Grant - 2000	183.431602	14.239	M-00-MC-02-0204	392,750	--	392,750
Home Grant - 2001	183.431602	14.239	M-01-MC-02-0204	915,787	--	915,787
Home Grant - 2002	183.431602	14.239	M-02-MC-02-0204	745,273	--	745,273
SUBTOTAL CFDA NUMBER 14.239				2,240,653	281,072	2,521,725
Continuum of Care Supportive Housing Program	184.431602	14.235	LA-48-B97-01	147,113	--	147,113
Continuum of Care Supportive Housing Program	184.431602	14.235	LA-48-B80-80	152,090	--	152,090
Continuum of Care Supportive Housing Program	184.431602	14.235	LA-48-B90-40	262,740	--	262,740
Continuum of Care Supportive Housing Program	184.431602	14.235	LA-48-B00-40	333,988	--	333,988
Continuum of Care Supportive Housing Program	184.431602	14.235	LA-48-B10-40	651,517	--	651,517
Continuum of Care Supportive Housing Program	184.431602	14.235	LA-48-B20-40	63,064	--	63,064
SUBTOTAL CFDA NUMBER 14.235				1,610,512	--	1,610,512

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

SCHEDULE A
(Continued)

<u>Name of Grants & Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED)</u>						
HOPWA Grant - 2000	185.431602	14.241	LAH00F002	\$ 21,198	\$ --	\$ 21,198
HOPWA Grant - 2001	185.431602	14.241	B01MC220002	106,951	--	106,951
HOPWA Grant - 2002	185.431602	14.241	LAH02F002	697,316	--	697,316
SUBTOTAL CFDA NUMBER 14.241				825,465	--	825,465
Emergency Shelter 2001-03	182.431602	14.231	S-01-MC-22-0002	73,132	--	73,132
Emergency Shelter 2002-04	182.431602	14.231	S-02-MC-22-0002	125,573	--	125,573
<u>Passed through Louisiana</u>						
<u>Department of Social Services</u> 121109						
Emergency Shelter	170.432602	14.231	01/03	58,291	--	58,291
Emergency Shelter	170.432602	14.231	02/04	82,580	--	82,580
SUBTOTAL CFDA NUMBER 14.231				339,576	--	339,576
121004						
Sharlo Terrace - 2002	170.431602	14.156	LA-48-0046-009	2,934	--	2,934
Sharlo Terrace - 2003	170.431602	14.156	LA-48-0046-009	326,976	--	326,976
Moderate Housing Assistance IV - 2002	170.431602	14.156	LA-48-K219-004	34,291	--	34,291
Moderate Housing Assistance IV - 2003	170.431602	14.156	LA-48-K219-004	451,607	--	451,607
Section 8 Vouchers Program - 2002	170.431602	14.156	LA-219-CEO-001-008	35,882	--	35,882
Section 8 Vouchers Program - 2003	170.431602	14.156	LA-219-CEO-001-008	645,621	--	645,621
SUBTOTAL CFDA NUMBER 14.156				1,497,311	--	1,497,311
Parking Structure Feasibility Study	170.431602	14.276	B-01-SP-LA-0224	99,225	--	99,225
Total U.S. Department of Housing and Urban Development				13,635,614	456,609	14,092,223
<u>U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> 121006						
Metropolitan Medical Response System	170.431601	N/A	233-01-0051	173,830	--	173,830
Headstart - 2002	160.431601	93.600	06CH0065225	358,349	--	358,349
Headstart - 2003	160.431601	93.600	06CH0006526	8,144,374	2,180	8,146,554
SUBTOTAL CFDA NUMBER 93.600				8,502,723	2,180	8,504,903
Ecstasy and Club Drug	170.431601	93.243	IU79SP10018-01	271,022	--	271,022
<u>Passed through Louisiana</u>						
<u>Housing Finance Agency</u> 121119						
Low Income Housing Energy Assistance	160.432401	93.568	2002	(14,310)	--	(14,310)
Low Income Housing Energy Assistance	160.432401	93.568	02/03	510,849	--	510,849
SUBTOTAL CFDA NUMBER 93.568				496,539	--	496,539
Temporary Assistance for Needy Families	170.432401	93.558	02/03	11,472	--	11,472

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

SCHEDULE A
(Continued)

<u>Name of Grants & Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<u>U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED):</u>						
<u>Passed through Louisiana</u>						
<u>Department of Employment and Training</u>						
Community Services Block Grant:	121118					
BRACA	160.432604	93.569	CSBG-FY-02P0019	\$ 291,201	\$ --	\$ 291,201
BRACA	160.432604	93.569	CSBG-FY-03P0019	769,057	--	769,057
SUBTOTAL CFDA NUMBER 93.569				1,060,258	--	1,060,258
Total U.S. Department of Health and Human Services				10,515,844	2,180	10,518,024
<u>DEPARTMENT OF HOMELAND SECURITY</u>						
<u>Direct Programs:</u>						
	121008					
Assistance to Fire Fighters-Pride	128.431102	97.044	EMW-2002-FG-06616	37,215	4,135	41,350
Assistance to Fire Fighters-Alsen	129.431102	97.044	EMW-2002-FG-06248	32,733	3,637	36,370
Assistance to Fire Fighters-BRFD	170.431102	97.044	EMW-2002-FG-07178	139,762	59,898	199,660
Assistance to Fire Fighters-Chaneyville	127.431102	97.044	EMW-2003-FG-11699	890	99	989
SUBTOTAL CFDA NUMBER 97.044				210,600	67,769	278,369
<u>Passed through Department of Military Affairs</u>						
	121126					
Tropical Storm Isidore	170.431102	97.036		417	--	417
Hurricane Lili	170.432103	97.036		(555)	--	(555)
FEMA-Disaster Recovery Isadore/ Lili/WNV	170.432103	97.036		97,640	--	97,640
SUBTOTAL CFDA NUMBER 97.036				97,502	--	97,502
Hazardous Mitigation Grant	170.432103	97.039		(1,000)	--	(1,000)
E.B.R. Flood Property Acquisition	170.432103	97.039		497,443	--	497,443
Acquisition/Elev. of Rep. Loss Structures	170.432103	97.039		504,918	--	504,918
Elevation of Flood Property	170.432103	97.039		12,429	--	12,429
SUBTOTAL CFDA NUMBER 97.039				1,013,790	--	1,013,790
EMPG-Enhanced Hazmat Grant	170.432103	97.042		3,250	--	3,250
CERT Grant Program	170.432103	97.053		13,527	--	13,527
Citizen Corps Council Grant (CERT)	170.432103	97.053		920	--	920
SUBTOTAL CFDA NUMBER 97.053				14,447	--	14,447
Supplemental Planning Grant	170.432103	83.562		2,154	--	2,154
Emergency Preparedness Regional Planning	170.432103	83.562		29,622	--	29,622
SUBTOTAL CFDA NUMBER 83.562				31,776	--	31,776

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

SCHEDULE A
(Continued)

<u>Name of Grants & Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<u>DEPARTMENT OF HOMELAND SECURITY (CONTINUED):</u>						
<u>Passed through Louisiana</u>						
<u>Department of Public Safety</u>						
Local Domestic Preparedness Equipment	121127					
Urban Search and Rescue Funding	170..432104	97.004	2002-TE-CX-0022	\$ 312,625	\$ --	\$ 312,625
	170..432104	97.004		72,035	--	72,035
SUBTOTAL CFDA NUMBER 97.004				384,660	--	384,660
Total Department of Homeland Security				1,756,025	67,769	1,823,794
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>						
<u>Passed through United Way of America</u>						
Emergency Shelter (FEMA)	121423					
	160..434602	83.523	LRO 001	19,984	--	19,984
<u>U.S. DEPARTMENT OF TRANSPORTATION - FHWA</u>						
<u>Passed through Louisiana Department of Transportation and Development - Office of Highways</u>						
Signal System Synchronization	121101					
Millerville Road - I-12 and Harrell's Ferry Road	341..432200	20.205	700-17-69	217,937	--	217,937
Millerville Road - I-12 and Old Hammond Highway	341..432200	20.205	700-17-71	111,532	37,178	148,710
McHugh Road - Baker	341..432200	20.205	700-19-44	495,535	164,191	659,726
Tigerbend Road	341..432200	20.205	742-05-78	257	64	321
Tigerbend Road	341..432200	20.205	742-06-0071	2,519	630	3,149
Groom Road	337..432200	20.205	742-06-0071	1,457,322	364,330	1,821,652
Flannery Road @ Florida Blvd.	341..432200	20.205	700-30-0245	113,461	28,366	141,827
Street Name Sign Program - Local Streets	341..432200	20.205	700-17-0118	85,443	21,362	106,805
Street Name Sign Program - State Routes	170..432200	20.205	700-17-0117	20,836	--	20,836
Signal Replacement Florida/Perkins/Airline	170..432200	20.205	700-17-0116	31,254	--	31,254
Signal Synchronization System-Phase IV	341..432200	20.205	742-17-0114	3,476,493	--	3,476,493
Aster-Chimes Drainage Improvements	341..432200	20.205	700-17-0172	395,446	--	395,446
Jones Creek Rd (Tiger Bend to Coursey)	341..432200	20.205	576-17-0008	648,336	74,749	723,085
Nicholson Dr@Brightside Lane/West Lee	341..432200	20.205	742-17-0131	194,366	48,592	242,958
North Sherwood Forest Blvd. Improvements	341..432200	20.205	742-17-0130	45,358	11,340	56,698
Millerville Road Improvements	341..432200	20.205	700-26-0078	194,817	48,704	243,521
Jefferson Hwy @ Barringer Foreman Road	341..432200	20.205	742-17-0136	136,436	34,109	170,545
Jefferson @ Antioch & Barringer Foreman	341..432200	20.205	742-17-0138	147,922	36,980	184,902
	341..432200	20.205	742-17-0132&753-17-01	24,206	6,052	30,258
Total U.S. Department of Transportation - FHWA				7,799,476	876,647	8,676,123

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

SCHEDULE A
(Continued)

<u>Name of Grants & Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION- NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>						
<u>Passed through Louisiana</u>						
<u>Department of Transportation and Development</u>						
<u>Passed through Capital Region Planning Commission</u>						
Transportation Planning 2002-03	121425 170.434101	20.505	PL-0011(26)	\$ 15,009	\$ --	\$ 15,009
Transportation Planning 2003-04	170.434101	20.505	PL-736-17-0335	2,663	--	2,663
CRPC - Technical Assistance	170.434101	20.505		10,000	--	10,000
Total U.S. Department of Transportation - National Highway Traffic Safety Administration				27,672	--	27,672
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>						
<u>Passed through Louisiana</u>						
<u>Department of Military Affairs</u>						
HMEP Grant Program	121126 170.432103	20.703		5,071	--	5,071
<u>U.S. DEPARTMENT OF ENERGY</u>						
<u>Passed through Louisiana</u>						
<u>Housing Finance Agency</u>						
Weatherization Assistance Program	121119 170.432401	81.042	2002	24,156	--	24,156
Weatherization Assistance Program	170.432401	81.042	2003	21,027	--	21,027
Total U.S. Department of Energy				45,183	--	45,183
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<u>Passed through Louisiana</u>						
<u>Department of Social Services</u>						
LAJET	121109 170.432602	10.561	01/02	(1,045)	--	(1,045)
LAJET	170.432602	10.561	02/03	163,155	--	163,155
LAJET	170.432602	10.561	03/04	63,240	--	63,240
SUBTOTAL CFDA NUMBER 10.561				225,350	--	225,350
<u>Passed through Louisiana</u>						
<u>Department of Education</u>						
National School Lunch Program	121110 001.432106	10.555	03	30,836	--	30,836
School Breakfast Program		10.553	03	17,055	--	17,055
Headstart Food 2002-03	160.432607	10.558	02/03	557,333	--	557,333
Headstart Food 2003-04	160.432607	10.558	03/04	267,145	--	267,145
SUBTOTAL CFDA NUMBER 10.558				824,478	--	824,478
Summer Food	170.432607	10.559	03	885,527	--	885,527

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

SCHEDULE A
(Continued)

<u>Name of Grants & Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<u>U.S. DEPARTMENT OF AGRICULTURE (CONTINUED):</u>						
<u>Passed through Natural Resources</u>						
<u>Conservation Service</u>						
Ward's Creek @ Claycut	170.431603	10.916	02-MS-CI-0053	\$ 22,173	\$ 57,406	\$ 79,579
Claycut Bayou Lateral Sheetpile Repairs	170.431603	10.916	02-DR-CI-0057	115,650	89,965	205,615
SUBTOTAL CFDA NUMBER 10.916				137,823	147,371	285,194
Total U.S. Department of Agriculture				2,121,069	147,371	2,268,440
<u>U.S. DEPARTMENT OF EDUCATION - REHABILITATION SERVICE ADMINISTRATION</u>						
<u>Passed through Louisiana</u>						
<u>Office of State Libraries</u>						
State Aid to Public Libraries	170.432501	84.034	02/03	92,113	--	92,113
<u>U.S. DEPARTMENT OF LABOR</u>						
<u>Passed through Louisiana</u>						
<u>Department of Labor</u>						
WIA- Administration	161.432604	NA	FY2002	108,767	--	108,767
WIA- Administration	161.432604	NA	PY2002	286,218	--	286,218
WIA- Administration	161.432604	NA	FY2003	91,027	--	91,027
SUBTOTAL CFDA NUMBER NA				486,012	--	486,012
WIA-Adult Program	161.432604	17.258	PY2002	223,981	--	223,981
WIA-Adult Program	161.432604	17.258	FY2003	1,066,448	--	1,066,448
WIA-Adult Program	161.432604	17.258	PY2003	253,205	--	253,205
WIA-Adult Program	161.432604	17.258	FY2004	298,620	--	298,620
SUBTOTAL CFDA NUMBER 17.258				1,842,254	--	1,842,254
WIA-Youth Program	161.432604	17.259	PY2001	21,027	--	21,027
WIA-Youth Program	161.432604	17.259	PY2002	1,329,582	--	1,329,582
SUBTOTAL CFDA NUMBER 17.259				1,350,609	--	1,350,609
WIA-Dislocated Workers	161.432604	17.260	FY2002	87,986	--	87,986
WIA-Dislocated Workers	161.432604	17.260	PY2002	534,783	--	534,783
WIA-Dislocated Workers	161.432604	17.260	FY2003	708,975	--	708,975
WIA-Tropical Storm Allison	161.432604	17.260	PY2001	148,964	--	148,964
SUBTOTAL CFDA NUMBER 17.260				1,480,708	--	1,480,708
Total U.S. Department of Labor				5,159,583	--	5,159,583

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

SCHEDULE A
(Continued)

<u>Name of Grants & Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>						
<u>Direct Programs:</u>						
	121005					
Local Law Enforcement Block Grant	166.431103	16.592	2001-LB-BX-3694	\$ 309,228	\$ 54,171	\$ 363,399
Local Law Enforcement Block Grant	167.431103	16.592	2002-LB-BX-2799	1,890	210	2,100
SUBTOTAL CFDA NUMBER 16.592				311,118	54,381	365,499
Drug-Free Communities Program	170.431103	16.729	2001-JN-FX-0031	11,971	--	11,971
Drug-Free Communities Program	170.431103	16.729	2001-JN-FX-0031	51,992	--	51,992
SUBTOTAL CFDA NUMBER 16.729				63,963	--	63,963
Community Policing - Cops More	170.431103	16.710	96-CI-WX-0046	--	10,001	10,001
Nunn-Lugar-Domenici Domestic Preparedness	170.431103	16.006	2002-TE-CX-0040	241,136	--	241,136
Personal Protective Equipment Grant	170.431103	NA		24,688	--	24,688
Police Intelligence Technology Grant	170.431103	16.565		1,500	--	1,500
Police Bullet Proof Vest Program	170.431103	16.607		11,386	--	11,386
Project Sentry	170.431103	16.609	2003-SE-CX-0008	55,687	--	55,687
Community Prosecution & Safe Neighborhood	170.431103	16.609	2003-GP-CX-0137	25,278	--	25,278
Project Safe Neighborhoods	170.431103	16.609		52,467	--	52,467
SUBTOTAL CFDA NUMBER 16.609				133,432	--	133,432
<u>Passed through Louisiana Commission on Law Enforcement:</u>						
	121116					
Drug Abuse Resistance Education	170.432102	16.579	E03-5-004	23,672	--	23,672
Drug Abuse Resistance Education	170.432102	16.579	E04-5-004	26,250	--	26,250
Police Electronic Equipment Enhancement	170.432102	16.579	P02-5-020	1,006	--	1,006
Integrated Criminal Apprehension (ICAP)	170.432102	16.579	B02-5-019	92,416	30,806	123,222
Constable DARE Grant	170.432102	16.579	E03-5-003	10,581	--	10,581
Constable DARE Grant	170.432102	16.579	E04-5-003	7,845	--	7,845
City Constable Electronic Equipment	170.432102	16.579	P03-5-021	1,006	--	1,006
SUBTOTAL CFDA NUMBER 16.579				162,776	30,806	193,582
Juvenile Accountability Block Grant	170.432102	16.523	A01-8-019	222,218	27,673	249,891
Juvenile Accountability Block Grant	170.432102	16.523	A02-8-019	68,010	7,557	75,567
SUBTOTAL CFDA NUMBER 16.523				290,228	35,230	325,458
Total U.S. Department of Justice				1,240,227	130,418	1,370,645

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

SCHEDULE A
(Continued)

<u>Name of Grants & Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<u>U. S. ENVIRONMENTAL PROTECTION AGENCY (EPA)</u>						
<u>Direct Programs:</u>						
EPA Brownsfields Assessment Grant	121011 170.431605	66.818	2003/2005	\$ 4,276	\$ --	\$ 4,276
EPA Brownsfields Pilot Program Grant	170.431605	66.811	BP-98661401-0	62,906	--	62,906
Total U. S. Environmental Protection Agency				67,182	--	67,182
<u>U.S. DEPARTMENT OF THE INTERIOR</u>						
National Spatial Data Infrastructure Program	170.431301	15.809	03HQAG0157	2,767	--	2,767
<u>FEDERAL HIGHWAY ADMINISTRATION & PRIVATE DONATIONS</u>						
First Responder Training Grant	121015 170.431203	NA		5,775	--	5,775
TOTAL FEDERAL GRANTS				\$ 42,493,585	\$ 1,680,994	\$ 44,174,579

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BUSINESS-TYPE ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

SCHEDULE B

<u>Name of Grants & Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<u>FEDERAL GRANTS</u>						
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>						
<u>Direct Programs:</u>						
<u>Federal Transit Administration:</u>						
	121003					
Capital Assistance - 1988	402..431202	20.507	LA-90-0079	\$ 36	\$ 15,849	\$ 15,885
Planning - 2001	402..431202	20.507	LA-90-2226	138,364	-	138,364
Capital Assistance - 1997	402..431202	20.507	LA-90-0183	59,228	10,987	70,215
Capital Assistance - 1998	402..431202	20.507	LA-90-0198	8,786	2,197	10,983
Capital Assistance - 1999	402..431202	20.507	LA-90-0208	158,820	39,707	198,527
Capital Assistance - 2000	402..431202	20.507	LA-90-0217	57,880	14,470	72,350
Capital Assistance - 2001	402..431202	20.507	LA-90-0226	825,390	169,638	995,028
Total U.S. Department of Transportation- FTA				1,248,504	252,848	1,501,352
 <u>Direct Programs:</u>						
<u>Federal Aviation Administration:</u>						
	482..121007					
Sound Insulation 110 Residents	482..431219	20.106	3-22-0006-40	5,116	--	5,116
Engineered Material Arresting System		20.106	3-22-0006-46	11,112	--	11,112
Rehabilitate Portion of South G. A. Apron		20.106	3-22-0006-47	128,555	-	128,555
Noise Mitigation within the 65 DNL Contour		20.106	3-22-0006-48	161,439	--	161,439
Soundproof 65-69 DNL Noise		20.106	3-22-0006-51	1,372,508	--	1,372,508
Install Engineered Material Arresting System		20.106	3-22-0006-52	33,018	--	33,018
Acquire ILEAV Equipment		20.106	3-22-0006-53	356,421	--	356,421
Rehabilitate Runway 4L-22R, Phase I		20.106	3-22-0006-54	1,245,414	-	1,245,414
Residences & Easements within 65-69 DNL		20.106	3-22-0006-56	2,632,921	--	2,632,921
Rehabilitate Runway 4L-22R, Phase II		20.106	3-22-0006-57	3,283,153	--	3,283,153
Update Master Plan		20.106	3-22-0006-58	887,577	--	887,577
Construct Service Road - Phase II		20.106	3-22-0006-59	451,875	--	451,875
Construct Service Road - Phase III		20.106	3-22-0006-60	925,491	--	925,491
Soundproof Residences Within 65-70 DNL		20.106	3-22-0006-61	416,343	--	416,343
Rehabilitate Runway 4L-22R Phase III		20.106	3-22-0006-62	39,133	--	39,133
Improve of Runway 4L Safety Area		20.106	3-22-0006-63	9,934	--	9,934
Total U.S. Department of Transportation - FAA				11,960,010	--	11,960,010
 <u>DEPARTMENT OF HOMELAND SECURITY</u>						
<u>Passed through Louisiana</u>						
<u>Department of Military Affairs</u>						
	121126					
Emergency Management Performance Grant -2002	001..432103	97.042		(592)	--	(592)
Emergency Management Performance Grant -2003	001..432103	97.042		84,332	--	84,332
Emergency Management Performance Grant -2004	001..432103	97.042		27,497	--	27,497
Total Department of Homeland Security				111,237	--	111,237

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BUSINESS-TYPE ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

SCHEDULE B
(Continued)

<u>Name of Grants & Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
U. S. ENVIRONMENTAL PROTECTION AGENCY (EPA)						
Direct Programs:						
Wastewater Systems Improvements	449.431605	66.606	XP986109-01-0	\$ 151,681	\$ 124,103	\$ 275,784
Wastewater Systems Improvements	449.431605	66.606	XP98635001-0	221,079	180,882	401,961
Wastewater Systems Improvements	449.431605	66.606	XP986109-01-0	51,975	42,525	94,500
Wastewater Systems Improvements	449.431605	66.606	XP986109-01-0	241,902	197,919	439,821
Wastewater Systems Improvements	449.431605	66.606	XP986109-01-0	190,628	155,968	346,596
Total U. S. Environmental Protection Agency				857,265	701,397	1,558,662
				\$ 14,177,016	\$ 954,245	\$ 15,131,261

See Notes to Schedule of Expenditures of Federal Awards.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
Notes to Schedule of Expenditures of Federal Awards
For The Year Ended December 31, 2003

Note A - General

The City-Parish Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the primary government of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, (the City-Parish). All federal financial assistance received directly from federal agencies is included on the schedule, as well as federal financial assistance passed-through other government agencies.

Note B - Basis of Accounting

The City-Parish Schedule of Expenditures of Federal Awards is presented using the modified or full accrual basis of accounting, which is described in note 1 to the City-Parish's financial statements for the year ended December 31, 2003. Schedule A details federal awards recorded in governmental fund types wherein revenues are recognized to the extent of expenditures (modified accrual). Schedule B details federal awards for proprietary fund types where government subsidies or contributions are recorded (full accrual accounting).

Note C - Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

Note D - Subrecipients

The City-Parish provided federal awards to subrecipients as follows:

<u>Program: Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Workforce Investment Act Youth Program	17.257	\$ 1,350,609
Supportive Housing Program	14.235	1,610,512
Federal Transit Administration Capital Assistance	20.507	<u>1,248,504</u>
Total		<u>\$4,209,625</u>

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
Schedule of Findings and Questioned Costs
Year Ended December 31, 2003

A. Summary of Auditors' Results:

- [a] The type of report issued on the financial statements: unqualified opinion
- [b] Reportable conditions in internal control were disclosed by the audit of the Financial Statements: none reported Material weaknesses: no
- [c] Noncompliance which is material to the financial statements: no
- [d] Reportable conditions in internal control over major programs: yes Material weaknesses: no
- [e] The type of report issued on compliance for major programs: unqualified opinion
- [f] Any audit findings which are required to be reported under Section 510 (a) of OMB Circular A-133: yes
- [g] Major programs:
 - U.S. Department of Housing and Urban Development
Supportive Housing
C.F.D.A. Number 14.235
 - U.S. Department of Labor
Workforce Investment Act Cluster
C.F.D.A. Number 17.258 -17.260
 - U.S. Department of Transportation
Highway Planning and Construction
C.F.D.A. Number 20.205
- [h] Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,700,118
- [i] Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: yes

B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

None

C. Findings and Questioned Cost relating to Major Federal Award Programs:

CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE
Schedule of Findings and Questioned Costs
Year Ended December 31, 2003

17.258-60 Workforce Investment Act (WIA)

2003-1) Allowable Costs

Questioned Costs: \$206,001

Criteria: The program pays tuition and other costs on behalf of eligible participants. The program contracts with various entities (schools) to provide training to those participants. The terms of the contracts provide tuition should be paid in two increments based upon progress of the participants in completing the course of study or training.

Condition(s): One of the contracted schools was paid tuition fees in excess of that which had been earned in accordance with the terms of the contract. The school billed the program for tuition fees of 35 students that did not attain the required level of course completion commensurate to these tuition fees. The students dropped out before the school earned the tuition. Questioned tuition costs of \$195,639.

In addition, the condition was noted at two other schools. Questioned tuition costs totaled \$10,362.

For all institutions, questioned costs total \$206,001.

Effect: The program paid for services not provided.

Recommendation: While the program has initiated efforts to recover these overpaid tuition fees, we recommend that the program continue these efforts. The program is also enhancing its internal controls to better detect such over billings prior to payment. We recommend that the program proceed with these enhancements. In designing these enhancements, we recommend case manager involvement in the disbursement process to help ensure that tuition is paid only for active participants. Case managers' knowledge of participant status should be current within a two-month period.

Management Response: *The Administrative staff discovered the discrepancies in billing on the part of one of our vendors. They determined the magnitude of the overpayment and determined that it was \$195,639. Arrangements were made to recoup the overpayment, and to date, we have collected \$17,466.66, leaving a balance of \$178,172.34. The Louisiana Department of Labor and the U.S. Department of Labor approved the method we are using to recoup the money. We have initiated procedures to detect and eliminate overpayments in the future. We are requiring proper documentation to show that what we are paying for has been earned.*

The Finance Department deferred the recognition of grant revenues in the amount of \$195,639 on the accompanying financial statements for the period ended December 31, 2003.

As to the questioned cost at the other institutions, we disagree with a portion of the finding. We question \$5,000. We are in the process of collecting the difference of \$5,362.

CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE
Schedule of Findings and Questioned Costs
Year Ended December 31, 2003

17.258-60 Workforce Investment Act (WIA) (continued)

2003-2) Monitoring

Questioned Costs: Undetermined

Criteria: As part of its monitoring responsibilities with regard to subrecipients, a pass-through or awarding entity is responsible for, among other things, ensuring that required audits are performed, reviewing the results of those audits, and requiring the subrecipient/contractor to take prompt corrective action for any findings of non-compliance. Audits must be conducted in accordance with OMB Circular A-133 if total federal funding to the subrecipient is greater than a pre-established threshold (\$300,000 for 2003, \$500,000 beginning 2004).

Condition: The administrative personnel do require the submission of and do review the audit report; however, several of these audits have not been conducted in accordance with OMB Circular A-133 (Single Audit Act).

Effect: A Single Audit addresses many compliance issues that an audit conducted outside of those standards would not address. As such, a Single Audit provides a level of assurance to the grantor of grantee (subrecipient) compliance. Without receiving a Single Audit, that level of assurance is not attained. The grantor has an increased risk that grantees (subrecipients) have not expended funds in accordance with the provisions of the grant.

Recommendation: The program administration should ensure that the audits of subrecipients are performed in accordance with the standards of OMB Circular A-133, when applicable. The agreement under which the program awards contracts to subrecipients contains an A-133 audit provision. That contract provision needs to be enforced. Additionally, the administration should ensure that the subrecipient's audit engagement has been approved by the Louisiana Legislative Auditor, in accordance with state law.

If subrecipients fall below the \$500,000 threshold, we recommend that on-site monitoring reviews be conducted for compliance with significant compliance attributes. These reviews should be conducted by persons with accounting and program knowledge that will enable them to detect non-compliance.

Management Response: *We have procedures in place to receive the required audits in accordance with OMB Circular A-133. The audits will be reviewed in a timely manner and prompt actions taken when necessary.*

If the subrecipients fall below the \$500,000 threshold, we will put procedures in our monitoring guides to detect non-compliance. We will train our monitors to carry out these procedures.

CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE
Schedule of Findings and Questioned Costs
Year Ended December 31, 2003

14.235 Supportive Housing Program

2003-3) Monitoring Subrecipients

Questioned Costs: Undetermined

Criteria: With regard to subrecipients, during the award a pass-through entity is responsible for monitoring and for ensuring that required audit reports are obtained and reviewing the results of those audits.

Condition: Certain aspects of the program administration's monitoring process could benefit from enhancement. While the administration's process for reviewing subrecipient requests for reimbursement allows for a level of assurance for allowable costs, certain other aspects of grant compliance can best be ensured through on-site monitoring visits and from reviewing Single Audits. We noted monitoring visits, while sometimes conducted, were infrequent and were not performed according to a pre-set schedule. Out of 17 subrecipients, only nine audits were up-to-date.

Effect: A pass-through entity must execute its monitoring responsibilities to help ensure program compliance by the subrecipient. Failure to carry out all appropriate aspects of a monitoring program presents a risk that non-compliance could exist at the subrecipient level without timely detection by the pass-through entity.

Recommendation: The administration should develop a plan for conducting site-visits based upon risk-based criteria that decides priority and frequency. Based upon this selection process, the date and time of those visits should be agreed to by the subrecipient scheduled.

We recommend that required audits be obtained on a timely basis. Those subrecipients not compliant with the audit requirements should be dealt with. All audits need to be conducted in accordance with OMB Circular A-133. Furthermore, we strongly suggest the involvement of a CPA experienced in governmental accounting and auditing to review the submitted audits. If any non-compliance was found as a result of the audit (findings), then the administration is responsible for ensuring that the non-compliance is remedied.

The administration may want to consider contracting out certain aspects of its monitoring activities to a qualified CPA through agreed-upon procedure engagements. Such engagements are an allowable cost if the subrecipient is below the A-133 audit threshold of \$500,000.

Management Response: *The Office of Community Development (OCD) would like to note that it is monitored yearly by the U.S. Department of Housing and Urban Development. A regular part of the monitoring is site visits to a number of SHP Project Sponsors. The monitoring visit recently completed by HUD (April 20 and 21) contained no findings relative to programmatic issues.*

The OCD acknowledges that it needs to improve its on-site monitoring of subrecipients but feels that the recommendation that it contract this out to a CPA is not feasible. The manner in which

CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE
Schedule of Findings and Questioned Costs
Year Ended December 31, 2003

14.235 Supportive Housing Program (Continued)

Administrative funds are earned under the SHP program precludes drawing administrative funds for a project in excess of the percentage of funds allowed based on the expenditure of the Project Sponsor. The funds available for any one project could very well not be equal to that necessary to pay for the services of the CPA. The OCD will establish within 45 days of this response a schedule for conducting on site monitoring of its subrecipients. The schedule will be entered into a "tickler" system that will provide advanced notification of the necessary monitoring visits.

20.205 Highway Planning and Construction Grants

2003-4) Davis-Bacon Wage Rates

Questioned Costs: Undetermined

- Criteria:** When required by the Davis-Bacon Act, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Federal Department of Labor. To ensure that contractors and subcontractors are in compliance with Davis-Bacon Act, grantee personnel must monitor the payrolls of all contractors and subcontractors of applicable projects.
- Condition:** We noted an instance where the City's review process failed to detect the underpayment (less than the Federal wage requirements) of an electrician. Additionally, we noted a payroll submission which was not signed by the reviewer.
- Effect:** Although the review process appears to be functioning adequately, this instance of non-compliance did surface.
- Recommendation:** While we understand that oversights may occur, personnel responsible for monitoring compliance should be diligent in reviewing the payrolls. That review should always be documented through signature of the reviewer.
- Management Response:** *The personnel charged with reviewing payrolls for compliance with Davis-Bacon have been instructed to be more diligent in their review and also have been instructed to document their review by signing each sheet of the payroll. The Engineering Division will endeavor to correct the issue noted in the audit. We believe this is an isolated instance.*

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2002

17.258-60 Workforce Investment Act (WIA)

2002-1) Procurement, Allowable Costs

Questioned Costs : \$2,550

Criteria: Program regulations state that benefits are to be disbursed on behalf of eligible recipients through the use of individual training accounts (ITA's) established for each recipient. The local WIA Board designed the program to employ the use of these accounts and has set the account limit for each individual at \$10,000. Although not specifically stated in the regulations, it can be reasonably implied that the Program should have an accounting system that ensures proper posting and tracking of ITA's.

Condition: The Program's administration employs a spreadsheet in tracking amounts available and paid for each participant's account. In our tests of the spreadsheet, we found two benefit payments which were not posted to the individual's account (one account out of 15 tested). Those two benefit payments totaled \$2,550.

The underlying condition that caused this lack of posting is the manual nature of the spreadsheet. While manual accounting records are often adequate, they must undergo certain internal control procedures to help ensure accuracy and completeness, such as independent review and reconciliation to the general ledger. Such internal control procedures were not being performed. Additionally, the spreadsheet lacked the ability to provide a detail of activity posted to the accounts.

Effect: The Program could potentially pay an amount in excess of the participant's allotted amount and be unaware of the overpayment.

Recommendation: It is acknowledged that the designed spreadsheet has served the program's administration well in their tracking of the accounts thus far and that most accounts tested appeared to include all benefit payments. However, improvements to the system/spreadsheet need to be made. We suggest several methods of tracking the accounts:

- ▶ Set-up each participant account as a sub-account in the general ledger with a budget up to \$10,000.
- ▶ Design or purchase software that is capable of tracking participants' accounts and portraying a detailed transaction history (not unlike a bank statement or other credit type account). Reconcile the accounts in total to the general ledger on a monthly basis.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2002

17.258-60 Workforce Investment Act (WIA) (Continued)

- ▶ Continue the use of the spreadsheet (redesigned to allow identification of the monthly postings across all accounts), reconciling the transactions each month to the general ledger and performing supervisory review of the spreadsheet on a monthly basis.

Management Response: At present time we are in the process of negotiating the purchase of software, Mach Link Plus, which has the ability to track individual customer expenditures. The implementation of this software along with working with the City-Parish should give the internal control procedures to ensure accuracy and completeness in tracking expenditures for each customer's Individual Training Account. This should be implemented by September 30, 2003.

Updated Management Response: The Mach-Link software did not accomplish what we wanted so we continue to use the spreadsheet. However, we have improved our reconciliation procedures, and we are reconciling back to the City-Parish general ledger on a monthly basis to insure completeness and accuracy.

2002-2) Earmarking

Questioned Costs : \$30,000

Criteria: A local area grant recipient may spend no more than 10% of the grant on administrative costs.

Condition: The Program has established a separate administrative department (separate and distinct from the program department) in part, to aid in distinguishing administrative costs from program costs. The administration department's operating costs are budgeted at 10% of the grant amount. This department performs most of the administrative functions of executing the program (accounting, procurement, monitoring, etc.). However, we noted during the performance of our auditing procedures that a fiscal specialist position is funded under the program department. It is our understanding that the duties of the fiscal specialist are administrative in nature.

Effect: The administration department expends its budget for every program year. This fulfillment is ensured through allowed carryover of available funds to subsequent program years, and a practice of charging funds to the earliest available grant (first in - first out). Since the 01 - 02 program year budget of the department was expended in full, the compensation of the fiscal specialist, if charged to the administrative budget on a first in - first out basis, would have caused the program to exceed its budget (10% of the total grant). The questioned costs of

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2002

17.258-60 Workforce Investment Act (WIA) (Continued)

\$30,000 is approximately equal to the fiscal specialist's salaries and benefits for the program year ended June 30, 2002.

Recommendation: The costs of all administrative positions and functions should be budgeted in the administration department. Those costs should not exceed the 10% threshold.

Management Response: *We disagree with this finding. The placing of the Senior Fiscal Specialist in the administrative office of the Department of Social Services was in adherence of the Federal Register's request for the WIA administrative function and the WIA programmatic function to have a distinct separation. This employee does not perform any management or administrative functions.*

In 1999 and 2000, considerable discussion took place with the State and Federal representatives. It was concluded that some functions that were for the direct benefit of the customer were allowable program costs. Section 667.220(5)(V) allows for supportive services to be charged to program cost. We are requesting clarification on this matter from the State Department of Labor.

Updated Management Response: *After reviewing the work activities of the Senior Fiscal Specialist position, it was determined that an insignificant amount of her activities could be considered Administrative duties in nature. However, we also analyzed the work activities of the Administrative staff and found that some could be considered programmatic and could be charged to the Program budget. Since the amounts were insignificant and would offset each other, it was determined that this position would be charged to the Program budget. This has been approved by the Louisiana Department of Labor, our funding source. This finding is resolved.*

2002-3) Allowable Costs

Questioned Costs : \$7,500

Criteria: Compensation costs must be adequately documented and must be supported by after-the-fact time records reflecting actual time worked.

Condition: As part of its adult and dislocated worker programs, the City pays participants (if the participant so elects) a stipend which counts against their ITA. In the course of our audit and through discussions with the City-Parish's internal auditing department, we became aware of

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2002

17.258-60 Workforce Investment Act (WIA) (Continued)

instances of known payroll fraud with regard to the stipends. These instances were the result of falsified time and class attendance records on the part of two participants. Administrative personnel promptly responded to these instances by notifying the internal audit (IA) department and appropriate law enforcement. The City is pursuing prosecution of the two participants.

The City-Parish's internal audit department conducted an audit of the stipend payment process in 2001, upon learning of the above fraud. In that audit, the IA department noted several deficiencies in internal control over the payroll stipend process. Although the audit report has not been finalized, the IA department reviewed the findings and the weaknesses in internal control with program personnel in March 2002, and recommended certain actions be taken to remedy the weaknesses. During the performance of our audit procedures, we noted areas in which internal control could be enhanced, some of which were mentioned in the internal audit department's audit. Those issues consist of:

- ▶ Tardy submission of time records and processing thereof (several weeks' timesheets may be paid at one time, and some of those timesheets represent a work period prior to the current payroll period).
- ▶ Mathematical and critical review errors. One individual was paid for attendance indicated on the timesheet for a date that was actually a holiday.
- ▶ A lack of review of timesheets/attendance records by the caseworkers.
- ▶ A lack of segregation of duties.

Effect:

The amount determined to be paid under false pretenses in 2001 was approximately \$7,500. However, if improvements are not made to remedy the internal control issues noted above, the program could be at risk of future instances of fraud.

Recommendation:

As a result of the occurrences of fraud, the City's Internal Auditing department has designed certain procedures specifically for processing stipend payments, including channels for receipt of time records, review by program personnel, and separation of duties. While some of those recommendations have been implemented, we recommend that all of those recommendations be placed in operation as soon as possible and that they be applied in their entirety.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2002

17.258-60 Workforce Investment Act (WIA) (Continued)

Management Response: The Internal Auditing Department did make recommendations and some were implemented. The balance will be implemented immediately.

We have developed a new process for calculating and payment of stipends. The amount will be calculated on actual hours spent in training. The customer will receive 35% of the calculated amount when 50% of training is completed and verified by the training provider. Another 35% will be paid when the customer completes training and receives a credential. The balance, 30%, will be paid at the satisfactory completion of follow-up, which is approximately 12 months after completion of training.

This new procedure must be approved by the Baton Rouge Workforce Investment Board. Their next meeting is scheduled for June 17, 2003. If approved, this new procedure will be implemented on July 1, 2003, for all new customers. Existing customers will receive stipends under the old method but will be phased out as customers exit the program.

Updated Management Response: The new procedure for payment of stipend has been implemented. Also, the State approved our recommendations.

2002-4) Allowable Costs

Questioned Costs : Undetermined

Criteria: OMB Circular A-87 indicates that for employees that work on multiple federal programs, compensation must be supported by after-the-fact time distribution records, indicating the amount of time spent on each program. Exceptions to the process of using time distribution records must be approved by the granting agency.

Condition: The Program's employees spend time on several different programs. Compensation costs are charged to those programs based upon a set percentage that represents an estimate of the time expended, rather than time distribution records as required by OMB Circular A-87.

Effect: While the percentages used to charge compensation costs to the various programs do not appear unreasonable, the Program is in technical violation of the cost standards.

Recommendation: Absent a written approval from the granting agency, all compensation costs charged to the program should be supported by after-the-fact time distribution records.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2002

17.258-60 Workforce Investment Act (WIA) (Continued)

Management Response: We will institute the use of daily time sheets that will identify which program was worked on. The budget will be prepared as per a time allocation plan and reconciled back to the time sheet on a monthly basis. We will forward this procedure to the Louisiana Department of Labor for their approval.

Updated Management Response: Procedures were put into place, and the State Department of Labor approved our procedure.

10.558 Child and Adult Care Food Program (Head-Start Food)

2002-5) Allowable Costs

Questioned Costs : Undetermined

Criteria: CFR section 226.15 (e) requires that institutions operating a CACFP must maintain documentation regarding various aspects of program administration including those regarding eligibility, participant application, attendance and number of meals served by category and type. Grant funds are to be paid to the grantee based upon the number of meals served applied to a pre-determined rate per meal.

Condition: The reimbursement requests that were selected as part of our tests appear to have been based upon attendance records rather than actual meal counts. In the auditor's tests of 25 days of meals served selected from among 5 different centers, only one contained a difference between the number of breakfasts, lunches and snacks served and the number of children in attendance. A further review of the attendance records for the centers not included in our original audit tests revealed few, if any, differences between those records and the number of meals served. A certain number of discrepancies between these records would be expected due to children arriving late or departing early.

Effect: The program may be non-compliant with the program regulations which require reimbursement of program dollars based upon the actual number of meals served. It is acknowledged, however, that the difference of any over (or under) reimbursement of federal funds is unlikely to be material, given the fact that substantially all children attending will receive a breakfast, lunch and snack or some combination thereof.

Recommendation: Reimbursement requests should be prepared based upon the actual number of meals served.

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2002

10.558 Child and Adult Care Food Program (Head-Start Food) (Continued)

Management Response: East Baton Rouge Parish Head Start believes we have demonstrated compliance with CACFP section 226.15. Our daily meal counts are called in each day only from our six satellite centers and the numbers given are recorded on the menu worksheet which is maintained for three years. The completed menu worksheets are maintained at each center and are available upon audit request. This procedure is accepted under USDA/CACFP 226.15. The USDA/CACFP uses the actual number of meals recorded on the menu worksheets as proof of the number of meals served. These numbers are used to request reimbursement.

Attendance reports are not used for verification of meal counts, an actual plate count is used to verify number of meals served daily.

Updated Management Response: *There has been no change to our previous response to findings and questioned costs for the year ending December 31, 2002.*

2002-6) Procurement

Questioned Costs : *Undetermined*

Criteria: The A-102 Common Rule and the program regulations prohibit the application of local geographic preference, even if prescribed by state law, in the awarding of contracts involving federal funds.

Condition: The standardized contract used in awarding food contracts allows the City-Parish to apply local geographic preference in the awarding of food contracts.

Effect: In our audit procedures, we did not find any instances where the local geographic preference was actually applied; in fact, we observed an instance in which a contract was awarded to an out-of-state vendor. There is, therefore, no current effect on compliance.

Recommendation: For this program and for any other federal program which may use this standardized contract, the City-Parish should eliminate the contract clause that allows for local geographic preference.

Management Response: *There are no geographical preferences given vendors of the East Baton Rouge Parish Head Start.*

Updated Management Response: *There has been no change to our previous response to findings and questioned costs for the year ending December 31, 2002.*

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2002

20.106 Airport Improvement Program

2002-7) Davis-Bacon Act

Questioned Costs : Undetermined

- Criteria:** When required by the Davis-Bacon Act, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Federal DOL. To ensure that contractors and subcontractors are in compliance with Davis-Bacon Act, grantee personnel must monitor the weekly payrolls of all contractors and subcontractors employed on applicable programs.
- Condition:** Two vendors tested for compliance with the Davis-Bacon Act did not submit certified payrolls on a weekly basis. We noted that certified payrolls which were submitted were reviewed by Airport personnel for compliance with wage rate requirements, but no procedures were in place to ensure that all required certified payrolls required by law were submitted on a timely (weekly) basis.
- Effect:** A contractor or subcontractor could be paying rates below the required wage rates without the Airport's knowledge. Timely review and correction of any problems cannot be completed if the payrolls are not submitted weekly.
- Recommendation:** The Airport should require all contractors to submit weekly payroll data and reconcile all payroll reports to the monthly pay estimate report to ensure that all weekly payrolls are indeed submitted.
- Management Response:** *In December 2002, Airport personnel sent letters to all contractors and their subs reminding them of their responsibility to submit weekly payrolls. The Airport will send registered letters to all contractors with another reminder to submit their payrolls.*
- Also, the Airport has developed a form, which details the payrolls by contractor and payroll period. This form will be checked weekly to ensure that all payrolls have been received.*
- Updated Management Response:** *The Airport has sent letters to the Program Manager and to all consultants and contractors reminding them of their responsibility to submit weekly payrolls. The Airport is also keeping records of all contractors submitting their payrolls and notifying any who may be late and will hold payment if necessary. Payrolls are also checked for accuracy of wage rates.*

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2002

20.106 Airport Improvement Program (Continued)

2002-8) Suspension & Debarment

Questioned Costs : Undetermined

- Criteria:** Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Contractors receiving individual awards for \$100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. The non-Federal entities may rely upon the certification unless it knows that the certification is erroneous.
- Condition:** The City-Parish has not obtained a certificate of non-debarment or suspension for three of the eight vendors selected for testing.
- Effect:** The City-Parish may contract with a contractor that has been suspended or debarred from receiving federal contracts.
- Recommendation:** The City-Parish should obtain non-suspension & debarment certificates on all contracts of the Airport Improvement Program (as well as all other federal programs) greater than \$100,000.
- Management Response:*** *The Airport has received the certificates of non-debarment or suspensions from the three contractors who did not have them attached to their contracts. To ensure that these certificates are provided, the Airport has added this certificate to our contract documents.*
- Updated Management Response:*** *The Airport has added the certificate of disbarment to our contract documents. The Airport staff and its Program Managers check the contracts for this document.*





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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE**

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

Compliance

We have audited the compliance of the City of Baton Rouge and the Parish of East Baton Rouge (the City-Parish) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended December 31, 2003. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the City-Parish's management. Our responsibility is to express an opinion on the City-Parish's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City-Parish's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City-Parish's compliance with those requirements.

In our opinion, the City-Parish complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2003.

Internal Control Over Compliance

The Management of the City-Parish is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the City-Parish's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by

employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Passenger Facility Charges

We have audited the basic financial statements of the City of Baton Rouge and the Parish of East Baton Rouge as of and for the year ended December 31, 2003, and have issued our report thereon dated May 25, 2004, which includes a reference to the report of other auditors. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, and the Federal Aviation Administration and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Baton Rouge, Louisiana
May 25, 2004

CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
SCHEDULE OF PASSENGER FACILITY CHARGES (PFC)
COLLECTED AND EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>FIRST QUARTER 2003</u>	<u>SECOND QUARTER 2003</u>	<u>THIRD QUARTER 2003</u>	<u>FOURTH QUARTER 2003</u>	<u>YEAR ENDED 12-31-03</u>
PFC Revenues Received	\$ 104,502	\$ 240,057	\$ 262,527	\$ 288,255	\$ 895,341
Interest Earnings	<u>6,012</u>	<u>2,629</u>	<u>1,265</u>	<u>1,945</u>	<u>11,851</u>
Total Revenues	<u>\$ 110,514</u>	<u>\$ 242,686</u>	<u>\$ 263,792</u>	<u>\$ 290,200</u>	<u>\$ 907,192</u>
PFC Administrative Fee	\$ 2,787	\$ 6,401	\$ 7,001	\$ 7,687	\$ (23,876)
Bond Principal Payments	20,900	21,300	100,350	82,116	(224,666)
Bond Interest Payments	49,227	29,226	156,907	134,692	(370,052)
Expenditures on Approved PFC Projects	<u>651,531</u>	<u>1,226,153</u>	<u>26,322</u>	<u>13,688</u>	<u>(1,917,694)</u>
Total Expenditures	<u>\$ 724,445</u>	<u>\$ 1,283,080</u>	<u>\$ 290,580</u>	<u>\$ 238,183</u>	<u>\$ (2,536,288)</u>
Net Assets, Restricted for PFC 1/1/03					<u>1,995,356</u>
Net Assets, Restricted for PFC 12/31/03					<u>\$ 366,260</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GREATER BATON ROUGE METROPOLITAN AIRPORT
PFC Revenue Program
Schedule of Prior Year Finding and Questioned Costs
Year Ended December 31, 2002**

- Criteria:** Public agencies collecting PFC revenues must submit quarterly reports to the FAA indicating amounts of PFC revenue received and expended for the quarter and to-date for each eligible project. The reports must be supported by and should be reconciled to the Agency's accounting records.
- Conditions:**
1. The quarterly reports of revenue and expenditures, while prepared from the general ledger (accounting records) and containing cash transactions for the year, did not contain all accounting adjusting entries made for the quarterly periods during 2002. An example of such an adjustment is an entry made in the second quarter to transfer approximately 2.3 MM of previously incurred program costs to another fund/program.
 2. The quarterly reports submitted to the FAA indicate revenue and expenditures for the quarter as well as life-to-date. Expenditures are further detailed by eligible project. In our audit of the quarterly schedules, we observed that the cumulative amounts per the report did not agree to the general ledger (accounting records) when said general ledger was run to include all transactions since inception of the program.
- Effect:**
1. The transfer essentially freed-up approximately 2.3MM for project expenditures, yet such newly available money was not reported to the FAA.
 2. The historical practice of transferring funds (reclassifying expenditures to different funding sources in subsequent periods) in the general ledger may have caused the cumulative expenditures by project per the general ledger to be out of balance with the quarterly report. The project costs to-date reported on the quarterly reports may be overstated or understated (undeterminable).
- Recommendations:**
1. The Airport should amend its quarterly report for the second, third and fourth quarters of 2002 and in doing so, revise the amounts expended on all projects, if those amounts are affected by the aforementioned adjusting entry. Future reports should contain all accounting adjusting entries. The City Parish's finance department, accounting division, should review the reports prior to submission.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
GREATER BATON ROUGE METROPOLITAN AIRPORT
PFC Revenue Program
Schedule of Prior Year Finding and Questioned Costs
Year Ended December 31, 2002**

2. The Airport/Finance Department staff should reconcile the life-to-date general ledger as of December 31, 2002 to the fourth quarter 2002 report. Amendments to the report should be made as necessary so that cumulative amounts expended to date reflect all transfers of costs.

Management Response: *The Airport amended the report for the last quarter of 2002 and submitted it to Betty Davis, Project Manager for the Federal Aviation Administration on April 16, 2003. We also amended the reports for the second (2nd), third (3rd), and fourth (4th) quarters.*

Updated Management Response: *The Airport has reconciled its PFC Program with the City and the FAA. The FAA has agreed with the Airport's findings and all reports have been reconciled with all parties, (FAA and Finance-Accounting) each quarter.*

SPECIAL ACKNOWLEDGMENTS

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May 25, 2004

Page 1 of 4

**Members of Management
Honorable Mayor-President and Management
of the City of Baton Rouge-Parish of East Baton Rouge
Baton Rouge, LA**

In planning and performing our audit of the financial statements of the City of Baton Rouge-Parish of East Baton Rouge (City-Parish) for the year ended December 31, 2003, we considered the City-Parish's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

However, during our audit, we became aware of several matters that are opportunities for improving internal controls. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated May 25, 2004 on the financial statements of the City-Parish.

2003-1

Area: Federal Grant Administration

Condition: The Supportive Housing Program, a federally funded program from the Dept of Housing and Urban Development (HUD), is administered by the City-Parishes' Office of Community Development (OCD). The OCD also administers other HUD programs such as CDBG, HOME and HOPWA. In charging payroll expenditures between the different grant programs which it administers, the OCD codes all expenditures to the CDBG program fund, then transfers the payroll costs to the appropriate program fund through a journal entry. In performing tests of payroll disbursements charged to the Supportive Housing Program, we noted considerable lag time between the initial posting of the payroll to the CDBG program fund and the transfer of the appropriate cost to the Supportive Housing Program fund.

Effect: There appears to have been no effect to the total drawn from the federal treasury (amounts were not drawn twice). However, such a lag in transferring costs to the appropriate fund can effect the reporting of each particular grant, as well as certain administrative aspects of the grant.

Recommendation: Cost should be charged to the appropriate fund on a timely basis. If any transfers of costs need to be performed, such transfers should be performed on a monthly basis and should include all costs for the preceding month.

Management Response: Under the Supportive Housing Program, "Admin" for each individual grant is earned based on the project sponsors' expenditures. If a project sponsor shows no expenditures for a period (either there were none or they have not sent in a draw request), then regardless of the fact that OCD has time sheets indicating costs related for the particular contract, no City-Parish "Admin" can be drawn. The City-Parish "Admin" portion of each individual grant is extremely small. Therefore, OCD may hold a cost transfer until such time as there is enough earned and payable to do the cost transfer.

2003-2

Area: Information Technology Systems Security

Condition: In performing our audit, we gained a basic understanding of your policies and procedures over IT systems insofar as they relate to financial data. In obtaining that understanding, we noted that passwords used in accessing the financial and other systems of the City-Parish either lack sufficient complexity or expiration dates, or both.

Effect: Passwords lacking sufficient complexity and expiration dates can offer opportunities for unauthorized access to critical systems and data. It is noted that this risk is mitigated to a degree for the financial systems, as expiration dates are established for that application.



Recommendation: We recommend that the City's IT department require passwords to meet certain complexity criteria, including minimum length, alpha-numeric and character mix, and expiration dates for all systems. We believe that such complexity standards will enhance system security.

Management Response: All users logging into a work station enter a network username and password. All users logging into the server running all of the Financial and Administrative applications have passwords that have a minimum length of 6 characters and automatically expire every ninety days. The password length can be a maximum length of 31 characters. The minimum password length and the password expiration time frame parameters can be changed if required. This is just the first level of security for Financial/Administrative users. After logging into the server, they are locked into a menu system that uses access control information unique to each user, thus displaying only the application menu choices that they have security to see. The next layer of security is application security. Most financial systems have application usernames, assigned passwords, and user passwords that are set by the user. The user security records on the applications lock that user into just the screens and reports that the application security manager grants to the user. The level of security is already complicated enough to cause some users problems. If security becomes any more complicated, then the man hours needed to manage security will increase significantly.

The Public Safety users log in as groups to the server that runs the applications and the log in process is handled by the terminal emulation software, so the passwords do not have expiration dates and there is no minimum length. The application security is handled by the Public Safety administrators. This security does not allow them to access any financial applications.

2003-3

Area: Approval of Contract Amendments

Condition: Section X of the City-Parish's purchasing procedures manual requires all contracts to be signed by the Mayor-President and the purchasing director. Departments or agencies are normally not authorized to enter into contracts or agreements with outside parties, except for office equipment service agreements. Metropolitan Council Approval is required for the larger contracts.

In an effort to recover approximately \$195,000 in overpaid tuition costs for program participants, the City-Parish's WIA (Workforce Investment Act) administrative director executed an agreement with the vendor whereby the Program was to receive future credits for tuition costs. This agreement was not signed by the Mayor-President, nor was it approved by the Metro Council.



Effect: The Program appears to be out of compliance with established contracting policies and procedures.

Recommendation: All future agreements of such significance should be approved by the Mayor-President and the Metropolitan Council.

Management Response: The WIA administrative director will send all future agreements to the Metropolitan Council for approval.

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

Postlethwaite & Netterville
Postlethwaite & Netterville, APAC
Baton Rouge, Louisiana
May 25, 2004

David Medlin
David Medlin
Finance Director
City of Baton Rouge –
Parish of East Baton Rouge, Louisiana
May 25, 2004



DISPOSITION OF PRIOR YEARS' MANAGEMENT LETTER COMMENTS

2002-1

Area: Federal Grant Administration

Condition: The HOME program, a federally funded housing loan program, is administered by the City-Parish's Office of Community Development (OCD). The OCD also administers other federal programs such as CDBG. In charging payroll expenditures between the different grant programs which it administers, the OCD codes all expenditures to the CDBG program fund, then transfers the payroll costs to the appropriate program fund through a journal entry. In performing tests of payroll disbursements charged to the HOME program, we noted considerable lag time between the initial posting of the payroll to the CDBG program fund and the transfer of the appropriate cost to the HOME program fund.

Effect: There appears to have been no effect to the total drawn from the federal treasury (amounts were not drawn twice). However, such a lag in transferring costs to the appropriate fund can effect the reporting of each particular grant, as well as certain administrative aspects of the grant.

Recommendation: Cost should be charged to the appropriate fund on a timely basis. If any transfers of costs need to be performed, such transfers should be performed on a monthly basis and should include all costs for the preceding month.

Management Response: *The OCD recognizes the necessity of timely execution of cost transfers, however, we feel that the recommendation of monthly transfers that recapture the prior month's costs is not necessary or achievable. While the largest of the "other" funding sources for the OCD, HOME is not alone as a grant that incurs costs first against the CDBG program and later reimburses them. Currently the OCD has no less than seven such programs some of which have individual contracts that must be treated as separate entities. The effect of this is that the data collection process for computing the costs to be recaptured takes up to six weeks. To significantly improve this time frame under the current system would take a dedicated staff person. The OCD does not have the resources to dedicate staff to this process. It should also be noted that all of the costs that are transferred from the CDBG program to the*

HOME program are eligible CDBG costs, either as rehabilitation administration, general administration, or direct project and that it is not a requirement of either program that any of the costs be recaptured. Doing so, however, reduces the administration requirement to the CDBG program and is desired for that reason. The OCD is currently working on a proposal to HUD that will allow it to treat the costs of the other supported programs as indirect costs and have the costs allocated to the appropriate program based on the OMB approved "Modified Direct Costs" basis as provided in OMB circular A-87. It is believed that the system, if approved by HUD will greatly reduce the accounting burden of more timely transfers to the different funding sources.

Updated Management Response: *We have increased the frequency (although not monthly) and have transferred all costs for all programs through 12/31/03 (1ST quarter of the program year).*

2002-2

Area: Revenue Collection

Condition: The Greater Baton Rouge Airport District (the Airport) carries intergovernmental receivables on its statement of net assets of approximately \$7.9 million as of December 31, 2002. In performing our audit procedures toward amounts reported in the financial statements, we noted delays in the billing and collection of reimbursable costs under the state and federal grants.

Effect: Delays in billing for reimbursement of eligible grant program costs can increase the risk of costs being disallowed. Additionally, such delays present cash management issues.

Recommendation: Billing of eligible grant costs should occur, at a minimum, on a monthly basis. Collection of the billings should be monitored and actively pursued. The billings/draw-down of costs reimbursable under State grants should be coordinated with the central accounting department of the City-Parish government. The City-Parish should consider shifting the billing/draw-down duties to the centralized accounting department. Such a practice would be consistent with the process for federal draw-downs.

Management Response: *The Airport requests reimbursement from the Federal Aviation Administration (FAA) through a letter of credit. The Airport*

sends these requests to the Finance/Accounting Division every two weeks. This has been the Airport's policy throughout the 2002 fiscal year. There was a lapse in this during the month of October and sometimes through November when the FAA closes down between their fiscal years. This policy has continued through the 2003 year.

The Airport is also requesting reimbursement from the State on a monthly basis. These requests are remitted manually to the state on prescribed forms by the State Aviation Department.

In regards to the reimbursement of State Capital Outlay funds, the Airport has elected to ask for total reimbursement at the end of the project and at the time that the current legislature fully funds the cooperative agreement.

Update Management Response:

The Airport continues to request reimbursement from the Federal Aviation Administration (FAA) through a letter of credit. The Airport sends these requests to the Finance/Accounting Division every two (2) weeks. This has been the Airport's policy throughout the 2002 fiscal year. During the month of October 2003 the FAA closed down their reimbursement system and the Airport could not draw a reimbursement until November 18, 2003, at which time the Airport made a request.

The Airport has continued to request reimbursement from the State on a monthly basis. These requests are remitted manually to the state on prescribed forms by the State Aviation Department.

In regards to the reimbursement of State Capital Outlay funds, the Airport received \$2,316,517 on April 13, 2004. Unconfirmed federal and state receivables were written off as of December 31, 2003.

2002-3

Area:

Federal Grant Administration

Criteria:

As part of its monitoring responsibilities with regard to subrecipients, a pass through or awarding entity is responsible for, among other things, ensuring that required OMB A-133 audits are performed, reviewing the results of those audits, and requiring the

subrecipient/contractor to take prompt corrective action for any findings of non-compliance.

Condition: The administrative personnel of the City-Parish's WIA Program (*Workforce Investment Act*) do require the submission of and do review the audit reports; however submission is only required upon annual application or re-application for funds by the subrecipient.

Effect: If subgrantees did not re-apply for funds for the next program year, then the Program's administration would potentially be unaware of any findings of non-compliance, fraud or other matters which may need to be pursued as part of its responsibilities as a granting Agency.

Recommendation: The program administration should implement a tracking mechanism to ensure that all subrecipients which received more than \$300,000 in total federal funding (including but not exclusively WIA funds) submit audits performed under A-133 standards to the administration's office within six months after the end of their fiscal year. Additionally, the administration should ensure that all subrecipients' audit engagements have been approved by the Louisiana Legislative Auditor, in accordance with state law. If findings have been reported, then corrective action plans for remedying the findings should be monitored and pursued. If the subrecipient fails to respond to monitoring requests due to the fact that said subrecipient is no longer applying for funding, then said entity may need to be eliminated from consideration for future funding.

Management Response: *The WIA Administrative Office will require that providers receiving federal funds exceeding \$300,000 during the course of an audit period will furnish a current financial statement along with compliance review before funding. We will also require a financial statement and compliance review for the year covering the contract period. This has been placed in our RFP and will go into effect immediately.*

Updated Management Response: *This was implemented as of April 30, 2004.*

2002-4

Area: Airport Parking Revenue

Criteria: The Louisiana Constitution, article 7, section 14 indicates that the funds, credit, property or things of value of political subdivisions

shall not be loaned, pledged, or donated, to or for any person, association, or corporation, public or private. An exception to this rule is allowed for a transaction between governments if the transaction is for a public purpose through the execution of cooperative endeavor agreements.

Condition:

The Airport issues free parking passes (VIP passes) to high ranking and elected officials of Baton Rouge City-Parish government, high ranking and elected officials of other nearby local governments, state and federal legislators, local judges, university officials, and officers of local non-profit organizations. These passes are intended for business use only. Upon use of the pass, the official must endorse the parking ticket and state the business purpose of the trip.

Effect:

The issuance of passes to non-Baton Rouge government officials and other organizations may be a violation of Louisiana law if the parking passes were not issued pursuant to a cooperative endeavor agreement. While the officials may be conducting official business, that business is not necessarily the business of the Baton Rouge City-Parish government.

Recommendation:

The Airport Commission should enter into cooperative endeavor agreements with other governments and organizations when issuing parking passes to officials of those governments/organizations.

Management Response:

The Airport disagrees with this management comment finding and has been audited on numerous occasions in regard to this policy. It was the opinion of the City's internal auditors on two audits and also from other outside auditing firms that the current policy be instituted. The policy, which the Airport follows, was written by a former Chief Administrative Officer to the Mayor-President as recommended by the auditors.

Updated Management Response:

See Attachment A for the new policy implemented April 21, 2004.

BATON ROUGE METROPOLITAN AIRPORT

SUITE 300, TERMINAL BUILDING
BATON ROUGE, LA 70807
PHONE (225) 355-0333 FAX (225) 355-2334

April 15, 2004

Chief Gilbert Leachman
Baton Rouge Airport Police/ARPF
Baton Rouge Metropolitan Airport
Baton Rouge, LA 70807

RE: NEW BATON ROUGE METROPOLITAN AIRPORT
VIP PARKING PERMIT & POLICY

Dear Chief Leachman,

Please be advised that the enclosed new Airport VIP Parking Policy, sample application and agreement have been reviewed and approved by Michael Stemmans and Paul Thompson. It is our belief that this policy should remedy previous concerns. Therefore, please implement this policy effective Wednesday, April 21, 2004.

Please contact me with any other concerns you may have on this issue.

Sincerely,

Anthony J. Marino
Director of Aviation

AJM:jac

Enclosures

Cc w/encls: Paul Thompson
Michael Stemmans
Mike Hill



**THE GREATER BATON ROUGE AIRPORT DISTRICT'S
POLICY TO ISSUE
GARAGE AND ECONOMY LOT PARKING PERMITS**

I. Application and Agreement

The Application and agreement necessary for the issuance of an Airport Garage and Economy Lot Parking Permit may be obtained from:

Baton Rouge Airport Police Office
9412 Jackie Cochran Dr.
Baton Rouge, Louisiana 70807
Phone number: (225) 358-4221

A copy of the sample application and agreement is shown in article III.

II. Public Purpose for Eligibility

In order to increase airport use, create further positive public benefit(s) to the airport, local community and state, it is the policy of the Greater Baton Rouge Airport District to issue Airport Garage and Economy Lot Parking Permits at no charge to certain qualified public employees, elected or appointed public officials, subject to the submission of an application and public use agreement. The Director of Aviation and the Council Administrator/Treasurer for the Baton Rouge Metropolitan Council shall review all applications for permits and may approve or deny same in their sole discretion..

The private use of the Garage and Economy Lot Parking Permit or the use thereof by others than the applicant is strictly prohibited.

III. SAMPLE APPLICATION AND AGREEMENT

**THE GREATER BATON ROUGE AIRPORT DISTRICT
GARAGE AND ECONOMY LOT PARKING PERMIT
APPLICATION AND AGREEMENT**

1. I agree and understand that the Garage and Economy Lot Parking Permit issued to me is valid only when used by me for a public purpose.
2. I agree and understand that the parking ticket generated by the Baton Rouge Airport Parking Facility shall be returned to the parking management upon exiting the parking facility. I further agree and understand that I shall provide the following written information on the back of the parking ticket:
 - The public purpose of the trip together with a specific statement showing the public benefit created from said trip,
 - The current date, and
 - My signature.
3. I agree and understand that failure to comply with the above policy shall make me personally liable for all applicable parking fees and may result in the revocation of the Garage and Economy Lot Parking permit issued to me.
4. I agree and understand that I shall notify the Baton Rouge Airport Police Administrative Office if the Garage and Economy Lot Parking Permit issued to me is lost, stolen, or expired and that a new application and agreement must be submitted for approval before a new Garage and Economy Lot Parking Permit will be issued to me.
5. I agree and understand that the Garage and Economy Lot Parking Permit shall remain the property of the Greater Baton Rouge Airport District and shall be surrendered upon request by the Director of Aviation or one of his designees. I further agree and understand that I shall return the Garage and Economy Lot Parking Permit to the Baton Rouge Airport Police Administrative Office upon expiration.

I have read and fully understand the Greater Baton Rouge Airport District's Garage and Economy Lot Parking Policy as described above. I further certify that I have received a copy of the Garage and Economy Lot Parking Policy and agreement and that I shall fully comply with this policy and agreement.

_____ (Applicant Signature) _____ (Applicant Title) _____ (Date)

GARAGE AND ECONOMY LOT PARKING PERMIT # _____ IS HEREBY GRANTED TO:

NAME: _____ **DATE OF BIRTH:** _____
First, Middle, Last Month/ day/ year

DRIVERS LICENSE #: _____

OFFICE or JOB TITLE: _____

PERMIT EXPIRES: _____ **TELEPHONE #:** _____
Date office term expires

Anthony Marino
Director of Aviation
Baton Rouge Airport

Brian Mayers
Administrative Officer/Treasurer
Metropolitan Council

Complete and return to : Baton Rouge Airport Police
9430 Jackie Cochran Dr. Suite 300
Baton Rouge, Louisiana 70807

Riverside Centroplex

Report to Management

December 31, 2003



Riverside Centroplex

Report to Management

December 31, 2003





Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States

www.pncpa.com

May 20, 2004

Page 1 of 3

Honorable Mayor-President and Management
of the City of Baton Rouge-Parish of East Baton Rouge
Baton Rouge, LA

In planning and performing our audit of the financial statements of the Riverside Centroplex for the year ended December 31, 2003, we considered the Centroplex's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that are opportunities for improving and strengthening internal controls. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated May 20, 2004 on the financial statements of the Centroplex.

2003-1

Vault cash

Condition (s):

The Centroplex does not practice a policy of dual presence of while accessing vault cash. One of the individuals having sole access to vault cash also has certain accounting duties. Additionally, we noted that only one person signs off on the reconciliation vault cash.

When performing a test-count of vault cash, actual cash per the vault was \$3,250 less than the customary target balance of \$10,000. The cash had purportedly been used in settlement of a recent event. However, no paper trail was present to support this assertion.

Recommendation:

Dual access should be required and practiced at all times or at least whenever possible. Furthermore, when the reconciliation of vault cash is performed, two individuals should count the cash and sign off on the reconciliation.

When cash is taken from the vault, cash out tickets should be utilized. Those tickets should be signed by two individuals and the purpose should be stated on the ticket.

Management's Response: *We understand the comments and will work towards improving controls in these areas. To those ends, will require additional employees to count and reconcile the vault, and that involvement will be documented through signature. Furthermore, all transactions involving vault cash ins and outs will be documented with an in or out ticket.*

2003-2

Bill Payment

Condition: The Centroplex utilizes an audit stamp in the process of paying bills. The purpose of the stamp is to document cancellation, account charged, payment and approval for payment. We noted that the audit stamp was not being utilized for manual checks.

Recommendation: An audit stamp should be utilized on all manual checks, noting the date paid and that the payment was approved by the appropriate individual.

Management's Response: *We will utilize the audit stamp in the processing of all disbursements, including those made with manual checks.*

2003-3

Cash management and security

Condition: We noticed several checks which had been written but never issued. Those checks, totaling approximately \$97,000 were outstanding for sometime, and were still negotiable instruments as of year-end. We noted the checks were being kept in the desk of an individual on the SMG staff.

Recommendation: There should not be a significant lag between the time that checks are written and the time when checks are mailed. If it is determined that a check should not be mailed due to certain circumstances, then the check should be voided immediately.

Management's Response: *We acknowledge that the checks should have been voided. In the future we will void all checks that have not been mailed within a reasonable time period after processing.*

2003-4

Event contracting and settlement

Condition: In performing our procedures with regard to event revenue, we noted several events' settlement sheets (the document that memorializes how the proceeds and costs of an event are divided per terms of the contract) as well as the actual contracts themselves were not signed by all of the appropriate parties.

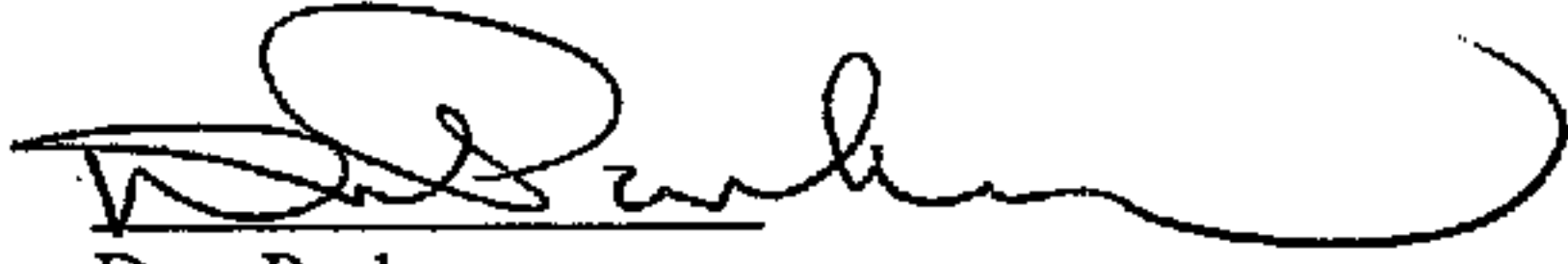
Recommendation: Contracts and settlement sheets should be signed by all parties. Copies of those documents should be kept on file.



Management's Response: *We acknowledge the need to have the settlement agreements signed by the Centroplex's management and the event sponsor, and we will obtain those signatures on all future settlement sheets.*

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

Postlethwaite ; Netterville



Don Parker
Director of Finance

**RIVERSIDE CENTROPLEX
BATON ROUGE, LOUISIANA**

Special-Purpose Financial Statements

December 31, 2003

With Independent Auditors' Report Thereon



**RIVERSIDE CENTROPLEX
BATON ROUGE, LOUISIANA**

Special-Purpose Financial Statements

December 31, 2003

With Independent Auditors' Report Thereon



**RIVERSIDE CENTROPLEX
BATON ROUGE, LOUISIANA**

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Postlethwaite & Netterville

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Independent Auditors' Report

To the City of Baton Rouge -
Parish of East Baton Rouge and
SMG:

We have audited the special-purpose statements of assets and liabilities for the Riverside Centroplex as of December 31, 2003 and 2002, and the related special-purpose statements of revenues and expenses and cash flows for the years then ended. These financial statements are the responsibility of the Riverside Centroplex's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

The accompanying special-purpose statements were prepared for the purpose of complying with the Management Agreement for the Riverside Centroplex as discussed in Note 2 and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets and liabilities of the Riverside Centroplex as of December 31, 2003 and 2002, and the related revenues, expenses and cash flows for the years then ended, on the basis of accounting described in Note 2.

This report is intended solely for the information and use of the City of Baton Rouge - Parish of East Baton Rouge, the management of the Riverside Centroplex and SMG and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Netterville

Baton Rouge, Louisiana
May 20, 2004

**RIVERSIDE CENTROPLEX
BATON ROUGE, LOUISIANA**

Special-Purpose Statements of Assets and Liabilities

December 31, 2003 and 2002

Assets	2003	2002
Current assets:		
Cash and cash equivalents	\$ 451,409	\$ 621,053
Accounts receivable, net of allowance for doubtful account of \$ 236,800 and \$35,000 in 2003 and 2002	273,888	385,067
Advertising contract revenue receivables	208,000	224,166
Prepaid expenses	30,982	61,578
	<hr/>	<hr/>
Total assets	\$ 964,279	\$ 1,291,864
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Current liabilities:		
Accounts payable	\$ 386,948	\$ 308,689
Accrued expenses	79,235	126,347
Deferred revenue	505,686	488,961
Due to City of Baton Rouge - Parish of East Baton Rouge	(7,590)	367,867
	<hr/>	<hr/>
Total liabilities	\$ 964,279	\$ 1,291,864
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to the special-purpose financial statements.

**RIVERSIDE CENTROPLEX
BATON ROUGE, LOUISIANA**

Special-Purpose Statements of Revenues and Expenses

Year ended December 31, 2003 and 2002

	2003	2002
Operating revenues:		
Event income:		
Rental	\$ 990,347	\$ 861,107
Food and beverage	108,045	155,245
Novelty and event parking	18,082	59,091
Total event income	1,116,474	1,075,443
Non-event parking	-	7,523
Non-event food and beverage	11,433	31,827
Advertising	107,973	222,292
Other	185,438	68,201
Total operating revenues	1,421,318	1,405,286
Operating expenses:		
Management company salaries and wages, including employee benefits	948,860	1,020,617
Utilities	459,551	319,365
Repairs and maintenance	58,610	62,520
Supplies, equipment and postage	78,104	95,338
Insurance	155,319	96,554
Professional, computer and contract services	37,094	38,224
Advertising and public relations	75,239	71,295
Bad debt expense	249,116	20,000
Total operating expenses	2,061,893	1,723,913
Net loss added to funds from the City of Baton Rouge - Parish of East Baton Rouge	(640,575)	(318,627)
Funds from the City of Baton Rouge - Parish of East Baton Rouge:		
Beginning of year	367,867	556,548
Expenses paid by City for Centroplex	469,518	329,946
SMG management fees accrued, due from City	(204,400)	(200,000)
End of year	\$ (7,590)	\$ 367,867

See accompanying notes to special-purpose financial statements.



**RIVERSIDE CENTROPLEX
BATON ROUGE, LOUISIANA**

Special-Purpose Statements of Cash Flows

Year ended December 31, 2003 and 2002

	2003	2002
Cash flows from operating activities:		
Net income (loss) added to funds from City of Baton Rouge - Parish of East Baton Rouge	\$ (640,575)	\$ (318,627)
Adjustments to reconcile net income (loss) added to funds from City of Baton Rouge - Parish of East Baton Rouge to net cash used in operating activities:		
Bad debt provision (recovery)	249,116	20,000
Net change in operating assets and liabilities:		
Increase in accounts receivable	(121,771)	(86,251)
Increase in due from City of Baton Rouge - Parish of East Baton Rouge	(204,400)	(200,000)
Decrease in prepaid expenses	30,596	8,664
Increase in accounts payable	78,259	118,685
Decrease in accrued expenses	(47,112)	(53,951)
Increase in deferred revenue	16,725	159,977
Net cash used in operating activities	(639,162)	(351,503)
Cash flows from financing activities -		
Funding from the City of Baton Rouge - Parish of East Baton Rouge	469,518	329,946
Net cash provided by financing activities	469,518	329,946
Net decrease in cash	(169,644)	(21,557)
Cash and cash equivalents at beginning of year	621,053	642,610
Cash and cash equivalents at end of year	\$ 451,409	\$ 621,053

See accompanying notes to special-purpose financial statements.



**RIVERSIDE CENTROPLEX
BATON ROUGE, LOUISIANA**

Notes to Special-Purpose Financial Statements

(1) Organization and Reporting Entity

The Riverside Centroplex is a three-venue complex consisting of an arena, exhibition hall and a performing arts theater (collectively, the "Facility") located in Baton Rouge, Louisiana. The Facility is owned by the City of Baton Rouge - Parish of East Baton Rouge (the "City") and operates as a facility for conventions and assembly events. The City entered into and executed a management agreement (the "Agreement") with SMG, a Pennsylvania joint venture, to provide the City with management services. The management agreement commenced on April 1, 1996 and currently expires on December 31, 2006. Under the Agreement, SMG manages all of the activities and operations of the Facility including, but not limited to the rental of space, advertising, promotion, marketing and sales, event management, public relations, procurement, maintenance, security, custodial and support services including, but not limited to, food and beverage requirements for conferences, conventions, exhibitions, performance, special events and any and all events taking place at the Facility.

The Riverside Centroplex expansion is being financed by the parish's portion of a state sales tax on hotel and motel rooms, Louisiana state capital outlay appropriations, and City-Parish local funds. A portion of the cost was originally financed through a bond sale in 2001. In order to capitalize on the growing tourism industry the expansion will add 70,000 square feet of exhibition space, and 15,000 square feet of meeting space. The added space and numerous private and public development projects adjacent to the facility are expected to allow the Centroplex to compete as a second-tier convention center. Total project authorization is currently \$44.4 million. The expansion project is scheduled to be completed by December of 2004.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The special-purpose financial statements have been prepared to reflect the financial position and the results of operations of the Facility pursuant to the Agreement between SMG and the City. Accordingly, the Statement of Assets and Liabilities does not include all of the assets and liabilities relating to the Facility, but includes only those assets and liabilities of the Facility which are maintained by SMG pursuant to the Agreement. Assets and liabilities not reflected herein include, but are not limited to, property, building, furniture and equipment and amounts due to third parties prior to execution of the Agreement. The Statements of Revenues and Expenses do not include charges for depreciation in connection with the assets and liabilities, not reflected herein. All of the assets of the Facility are owned by the City and all of the liabilities are the obligations of the City.

The special-purpose financial statements of the Facility maintained by SMG are prepared using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred.

Event rentals including advance deposits are recognized as revenue in the period in which the event is held. Annual box suite rentals are recognized in the period earned. Unearned receipts for event rentals and box suite rentals are included in deferred revenue.



**RIVERSIDE CENTROPLEX
BATON ROUGE, LOUISIANA**

Notes to Special-Purpose Financial Statements

(b) *Estimates*

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

(c) *Cash and Cash Equivalents*

Cash and cash equivalents include demand deposit accounts and short-term, highly liquid investments with original maturities of three months or less.

d) *Vacation and Sick Pay*

Employees earn vacation leave in varying amounts according to years of service. Unused vacation can be carried over from one calendar year to the next, but is limited to the number of days earned during the prior year. An employee who separates from the entity will be compensated for earned unused vacation days up to a maximum of 24 days. Sick leave is accrued for full-time hourly employees up to a yearly maximum of six days. There is no provision for payment of unused sick-time at termination. The accrued liability included in accrued expenses at December 31, 2003 and 2002 was \$40,235 and \$44,031 respectively.

(3) *Transactions between the City and SMG*

The continued operation of the Facility is dependent on funding from the City. The Agreement provides for the City to pay certain operational expenses. Those expenses totaled \$469,518 and \$329,946 for 2003 and 2002, respectively.

4) *Cash and Cash Equivalents*

The Facility's checking accounts are maintained at a local financial institution and are collateralized by FDIC insurance and pledged securities held in the Facility's name by a third party. The actual bank balances of the cash and cash equivalents at December 31, 2003 and 2002 were \$372,891 and \$652,798, respectively. The amounts were completely collateralized and/or insured at December 31, 2003 and 2002.

(5) *SMG's Base and Incentive Fees*

Pursuant to Amendment Number 2 and section 4.1 of the Agreement, SMG is entitled to an annual base fee of \$200,000 which shall be adjusted on the first day of each fiscal year, after January 1, 2003, during the term by the percentage change in the Consumer Price Index – All Urban Consumers – U.S. City Average – All Items as defined in the contract. The term of the contract expires at the end of 2006. In addition to the base fee, an annual incentive fee is calculated based on 25% of operating revenues from all events excluding hockey events which are in excess of \$1,000,000. No incentive fee is paid for any fiscal year that has a net operating loss. The management fee accrued for 2003 and 2002 totaled \$204,400 and \$200,000, respectively.



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(6) Employee Benefit Plans

SMG is a plan sponsor and participates in a 401(k) Savings and Retirement Plan (the Plan) with other related entities. All eligible employees, as defined in the Plan Document, may participate after one year of service. The benefit of investment gain and the risk of investment loss belong to the participant's accounts on the basis of the balances in those accounts. The amount contributed each year by the Facility is based on a matching formula defined in the Plan. The amount contributed to the Plan and recorded as expense for the years ended December 31, 2003 and 2002 was \$24,519 and \$22,782, respectively.

