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**CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE**

**REPORTS ON COMPLIANCE AND INTERNAL CONTROL**

**DECEMBER 31, 2004**

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## Postlethwaite & Netterville

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
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### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the City of Baton Rouge and Parish of East Baton Rouge (the City-Parish) as of and for the year ended December 31, 2004, and have issued our report thereon dated May 27, 2005, which includes a reference to the report of other auditors and explanatory paragraphs regarding continued implementation of Governmental Accounting Standards Board Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and a change in application of accounting principles under Governmental Accounting Standards Board Statement No. 27 - *Accounting for Pensions by State and Local Governmental Employers*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City-Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City-Parish in a separate letter dated May 27, 2005.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements of the City-Parish are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted an instance of immaterial noncompliance which we have reported to management of the City-Parish in a separate letter dated May 27, 2005.

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

*Postlethwaite, Netterville*

Baton Rouge, Louisiana  
May 27, 2005



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

The Honorable Mayor-President  
And Members of the Metropolitan Council  
City of Baton Rouge and Parish of East Baton Rouge:

Compliance

We have audited the compliance of the City of Baton Rouge and Parish of East Baton Rouge (the City-Parish) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The City-Parish's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City Parish's management. Our responsibility is to express an opinion on the City-Parish's compliance based on our audit.

The City-Parish's basic financial statements include the operations of the District Attorney of the Nineteenth Judicial District (the District Attorney), the Capital Area Transit System (the System), and the Capital Region Planning Commission (the Commission), all presented as component units. These entities expended \$791,235, \$4,818,149 and \$778,025 of federal grant funding during the year ended December 31, 2004, respectively, that does not appear in the accompanying schedule of expenditures of federal awards for the year ended December 31, 2004. Our audit of compliance, described below, did not include the programs of the District Attorney, the System and the Commission, as those entities were audited under separate engagements.

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

In our opinion, the City-Parish complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2004-1 and 2004-2.

### Internal Control Over Compliance

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

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 2004-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the City-Parish as of and for the year ended December 31, 2004, and have issued our report thereon dated May 27, 2005, which includes a reference to the report of other auditors. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended December 31, 2004 as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Postlethwaite & Nettleville*

Baton Rouge, Louisiana  
May 27, 2005

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SUMMARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>FEDERAL EXPENDITURES</u>	<u>LOCAL EXPENDITURES</u>	<u>TOTAL</u>
<b><u>FEDERAL AGENCY - SCHEDULE A</u></b>			
U.S. Department of Housing and Urban Development	\$ 14,520,976	\$ 219,024	\$ 14,740,000
U.S. Department of Health and Human Services	9,819,853	3,613	9,823,466
Department of Homeland Security	1,184,944	64,241	1,249,185
Federal Emergency Management Agency	19,297	--	19,297
U.S. Department of Transportation - FTA	89,265	15,085	104,350
U.S. Department of Transportation - FHWA	1,762,376	219,578	1,981,954
U.S. Department of Transportation - National Highway Traffic Safety Administration	59,894	--	59,894
U.S. Department of Energy	187,118	--	187,118
U.S. Department of Agriculture	2,210,593	51,154	2,261,747
U.S. Department of Education - Rehabilitation Service Administration	93,769	--	93,769
U.S. Department of Labor	4,896,304	--	4,896,304
U. S. Department of Justice	1,498,540	111,124	1,609,664
U. S. Environmental Protection Agency	244,203	--	244,203
U. S. Department of the Interior	6,233	--	6,233
Federal Highway Administration & Private Donations	226	--	226
Office of National Drug Control Policy	6,624	--	6,624
National Endowment for the Humanities	2,153	--	2,153
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TOTAL FEDERAL AGENCY - SCHEDULE A	\$ 36,602,368	\$ 683,819	\$ 37,286,187
<b><u>FEDERAL AGENCY - SCHEDULE B</u></b>			
U.S. Department of Transportation - FAA	\$ 19,286,352	\$ --	\$ 19,286,352
Department of Homeland Security	97,011	--	97,011
U.S. Department of Health and Human Services	526,861	1,265,555	1,792,416
U. S. Environmental Protection Agency	508,606	336,761	845,367
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TOTAL FEDERAL AGENCY - SCHEDULE B	\$ 20,418,830	\$ 1,602,316	\$ 22,021,146

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>FEDERAL GRANTS</u></b>						
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>						
121004						
<u>Direct Programs:</u>						
Community Development:						
Block Grant - 1994	182..431602	14.218	B-94-MC-22-0002	\$ 46,519	\$ 4,266	\$ 50,785
Block Grant - 1995	182..431602	14.218	B-95-MC-22-0002	34,695	10,233	44,928
Block Grant - 1996	182..431602	14.218	B-96-MC-22-0002	49,248	6,270	55,518
Block Grant - 1997	182..431602	14.218	B-97-MC-22-0002	5,136	4,122	9,258
Block Grant - 1998	182..431602	14.218	B-98-MC-22-0002	352,384	--	352,384
Block Grant - 1999	182..431602	14.218	B-99-MC-22-0002	594,479	14,738	609,217
Block Grant - 2000	182..431602	14.218	B-00-MC-22-0002	360,221	32,367	392,588
Block Grant - 2001	182..431602	14.218	B-01-MC-22-0002	365,764	18,750	384,514
Block Grant - 2002	182..431602	14.218	B-02-MC-22-0002	976,667	35,000	1,011,667
Block Grant - 2003	182..431602	14.218	B-03-MC-22-0002	3,075,924	6,148	3,082,072
Block Grant - 2004	182..431602	14.218	B-04-MC-22-0002	758,370	1,796	760,166
SUBTOTAL CFDA NUMBER 14.218				6,619,407	133,690	6,753,097
Home Grant - 1992	183..431602	14.239	M-92-MC-22-0204	--	85,334	85,334
Home Grant - 1994	183..431602	14.239	M-94-MC-22-0204	(578)	--	(578)
Home Grant - 1998	183..431602	14.239	M-98-MC-02-0204	289,179	--	289,179
Home Grant - 1999	183..431602	14.239	M-99-MC-02-0204	231,206	--	231,206
Home Grant - 2000	183..431602	14.239	M-00-MC-02-0204	359,868	--	359,868
Home Grant - 2001	183..431602	14.239	M-01-MC-02-0204	150,461	--	150,461
Home Grant - 2002	183..431602	14.239	M-02-MC-02-0204	798,676	--	798,676
Home Grant - 2003	183..431602	14.239	M-03-MC-02-0204	1,180,455	--	1,180,455
Home Grant - 2004	183..431602	14.239	M-04-MC-02-0204	3,000	--	3,000
SUBTOTAL CFDA NUMBER 14.239				3,012,267	85,334	3,097,601
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B97-01	71,276	--	71,276
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B90-40	163,844	--	163,844
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B00-40	298,231	--	298,231
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B10-40	674,602	--	674,602
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B20-40	399,179	--	399,179
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B30-40	115,532	--	115,532
SUBTOTAL CFDA NUMBER 14.235				1,722,664	--	1,722,664
HOPWA Grant - 2001	185..431602	14.241	B01MC220002	97,634	--	97,634
HOPWA Grant - 2002	185..431602	14.241	LAH02F002	291,116	--	291,116
HOPWA Grant - 2003	185..431602	14.241	LAH03F002	1,003,383	--	1,003,383
SUBTOTAL CFDA NUMBER 14.241				1,392,133	--	1,392,133

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED):</u></b>						
Emergency Shelter 2002-04	182..431602	14.231	S-02-MC-22-0002	\$ 77,427	\$ --	\$ 77,427
Emergency Shelter 2003-05	182..431602	14.231	S-03-MC-22-0002	125,368	--	125,368
Emergency Shelter 2004-06	182..431602	14.231	S-04-MC-22-0002	11,000	--	11,000
 <u>Passed through Louisiana</u>						
<u>Department of Social Services</u> 121109						
Emergency Shelter	170..432602	14.231	02/04	66,340	--	66,340
Emergency Shelter	170..432602	14.231	03/05	105,765	--	105,765
 <u>Passed through Louisiana Department of Urban and Community Affairs</u>						
Emergency Shelter	170..432603	14.231	1988	719	--	719
SUBTOTAL CFDA NUMBER 14.231				386,619	--	386,619
 121004						
Sharlo Terrace - 1999	170..431602	14.156	LA-48-0046-009	1,619	--	1,619
Sharlo Terrace - 2000	170..431602	14.156	LA-48-0046-009	210	--	210
Sharlo Terrace - 2003	170..431602	14.156	LA-48-0046-009	4,004	--	4,004
Sharlo Terrace - 2004	170..431602	14.156	LA-48-0046-009	338,518	--	338,518
Moderate Housing Assistance IV - 2003	170..431602	14.156	LA-48-K219-004	8,248	--	8,248
Moderate Housing Assistance IV - 2004	170..431602	14.156	LA-48-K219-004	118,085	--	118,085
Section 8 Vouchers Program - 2003	170..431602	14.156	LA-219-CEO-001-008	15,645	--	15,645
Section 8 Vouchers Program - 2004	170..431602	14.156	LA-219-CEO-001-008	861,347	--	861,347
SUBTOTAL CFDA NUMBER 14.156				1,347,676	--	1,347,676
Parking Structure Feasibility Study	170..431602	14.276	B-01-SP-LA-0224	40,210	--	40,210
Total U.S. Department of Housing and Urban Development				14,520,976	219,024	14,740,000
 <b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
121006						
Metropolitan Medical Response System	170..431601	93.010051	233-01-0051	204,401	--	204,401
Headstart - 2003	160..431601	93.600	06CH006526	6,185	--	6,185
Headstart - 2004	160..431601	93.600	06CH006527	8,412,048	3,613	8,415,661
SUBTOTAL CFDA NUMBER 93.600				8,418,233	3,613	8,421,846
Medical Reserve Corps Grant	170..431601	93.008	US2SG03084-01-0	45,726	--	45,726
EBRP Jail Diversion Program	170..431601	93.243	IU79SM55091-01	84,483	--	84,483
 <u>Passed through Louisiana</u>						
<u>Housing Finance Agency</u> 121119						
Low Income Housing Energy Assistance	160..432401	93.568	2002	3,000	--	3,000
Low Income Housing Energy Assistance	160..432401	93.568	12/03-6/06	22,419	--	22,419
Low Income Housing Energy Assistance	160..432401	93.568	02/03	8,858	--	8,858
SUBTOTAL CFDA NUMBER 93.568				34,277	--	34,277

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code</u> <u>Numbers</u>	<u>Federal</u> <u>CFDA</u> <u>Numbers</u>	<u>Grant Numbers</u>	<u>Federal</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>	<u>Total</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED):</u></b>						
<b><u>Passed through Louisiana Department of Employment and Training</u></b>						
Community Services Block Grant:	121118					
BRACA	160..432604	93.569	CSBG-FY-03P0019	\$ 289,563	\$ --	\$ 289,563
BRACA	160..432604	93.569	CSBG-FY-04P0019	726,297	--	726,297
CSBG-State Discretionary	160..432604	93.569	CSBG-FY-92P0019	15	--	15
SUBTOTAL CFDA NUMBER 93.569				1,015,875	--	1,015,875
<b><u>Passed through Louisiana Department of Military Affairs</u></b>						
Regional Bioterrorism & Emergency Response Planning Grant	170..432103	93.283		16,858	--	16,858
Total U.S. Department of Health and Human Services				9,819,853	3,613	9,823,466
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>						
<b><u>Direct Programs:</u></b>						
Assistance to Fire Fighters-Pride	128..431102	97.044	EMW-2002-FG-06616	(48)	--	(48)
Assistance to Fire Fighters-Alsen	129..431102	97.044	EMW-2002-FG-06248	50	5	55
Assistance to Fire Fighters-BRFD	170..431102	97.044	EMW-2003-FG-08497	149,884	64,236	214,120
Assistance to Fire Fighters-Chaneyville	127..431102	97.044	EMW-2003-FG-11699	16,926	--	16,926
SUBTOTAL CFDA NUMBER 97.044				166,812	64,241	231,053
<b><u>Passed through Louisiana Department of Military Affairs</u></b>						
Acq/Elev. Flood Mitigation Assistance	170..432103	97.039		73	--	73
E.B.R. Flood Property Acquisition	170..432103	97.039		(15,720)	--	(15,720)
Acquisition/Elev. of Rep. Loss Structures	170..432103	97.039		10,213	--	10,213
HMGP-Hurricane Lili-Tropical Storm Isidore	170..432103	97.039		14,254	--	14,254
SUBTOTAL CFDA NUMBER 97.039				8,820	--	8,820
EMPG-Enhanced Hazmat Grant	170..432103	97.042		4,026	--	4,026
Urban Areas Security Initiative Grant	170..432103	97.008		119,841	--	119,841
CERT Grant Program	170..432103	97.053		2,885	--	2,885
CERT Grant Program	170..432103	97.053		8,599	--	8,599
Citizen Corps Council Grant (CERT)	170..432103	97.053		80	--	80
Citizen Corps Council Grant (CERT)	170..432103	97.053		3,669	--	3,669
SUBTOTAL CFDA NUMBER 97.053				15,233	--	15,233
Supplemental Planning Grant	170..432103	83.562		3,696	--	3,696
Emergency Preparedness Reg. Planning	170..432103	83.562		95,734	--	95,734
SUBTOTAL CFDA NUMBER 83.562				99,430	--	99,430

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>DEPARTMENT OF HOMELAND SECURITY (CONTINUED):</u></b>						
<b><u>Passed through Louisiana</u></b>						
<b><u>Department of Public Safety</u></b>						
Local Domestic Preparedness Equipment	121127			\$ 559,558	\$ --	\$ 559,558
Urban Search and Rescue Funding	170..432104	97.004		27,675	--	27,675
SUBTOTAL CFDA NUMBER 97.004				587,233	--	587,233
<b><u>Passed through Louisiana</u></b>						
<b><u>Commission on Law Enforcement</u></b>						
Law Enforcement Terrorism Prevention	121116		X04-5011	183,549	--	183,549
Total Department of Homeland Security				1,184,944	64,241	1,249,185
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>						
<b><u>Passed through United Way of America</u></b>						
Emergency Shelter (FEMA)	121423		LRO 001	19,297	--	19,297
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>						
<b><u>Direct Programs:</u></b>						
<b><u>Federal Transit Administration:</u></b>						
Capital Assistance - 1988	121003		LA-90-0079	16,678	4,168	20,846
Capital Assistance - 1997	170..431202	20.507	LA-90-0183	52,351	5,858	58,209
Capital Assistance - 1999	170..431202	20.507	LA-90-0208	20,236	5,059	25,295
Total U.S. Department of Transportation- FTA				89,265	15,085	104,350
<b><u>U.S. DEPARTMENT OF TRANSPORTATION - FHWA</u></b>						
<b><u>Passed through Louisiana Department of Transportation and Development - Office of Highways</u></b>						
Millerville Rd - I-12 & Harrell's Ferry	121101		700-17-71	(12,753)	(4,251)	(17,004)
Millerville Rd - I-12 & Old Hammond	341..432200	20.205	700-19-44	61,601	15,400	77,001
McHugh Road - Baker	341..432200	20.205	742-05-78	(42)	(14)	(56)
Tigerbend Road	337..432200	20.205	742-06-0071	79,132	19,783	98,915
Groom Road	341..432200	20.205	700-30-0245	21,523	5,381	26,904
Bluebonnet @ Perkins	341..432200	20.205	700-17-0126	--	13,417	13,417
Street Name Sign Program - Local Streets	170..432200	20.205	700-17-0117	34,788	--	34,788
Street Name Sign Program - State Routes	170..432200	20.205	700-17-0116	52,183	--	52,183
Signal Replacement Florida/Perkins/Airline	341..432200	20.205	742-17-0114	125,513	--	125,513
Signal Synchronization System-Phase IV	341..432200	20.205	700-17-0172	325,345	--	325,345
Aster-Chimes Drainage Improvements	341..432200	20.205	576-17-0008	--	4,144	4,144
Jones Creek Rd (Tiger Bend to Coursey)	341..432200	20.205	742-17-0131	53,140	13,285	66,425
Nicholson Dr@Brightside Lane/West Lee	341..432200	20.205	742-17-0130	25,825	6,456	32,281
North Sherwood Forest Blvd. Improve	341..432200	20.205	700-26-0078	2,474	619	3,093
Millerville Road Improvements	341..432200	20.205	742-17-0136	415,739	103,935	519,674
Jefferson Hwy @ Barringer Foreman Road	341..432200	20.205	742-17-0138	31,499	7,875	39,374
I-10/I-12 Planter Enhancement	341..432200	20.205	744-17-0027	4,649	--	4,649
River Rd. Levee Bike Path	341..432200	20.205	744-17-0021	541,760	33,548	575,308
Total U.S. Department of Transportation - FHWA				1,762,376	219,578	1,981,954

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION- NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u></b>						
<u>Passed through Louisiana</u>						
<u>Department of Transportation and Development</u>						
<u>Passed through Capital Region Planning Commission</u>						
	121425					
Transportation Planning 2003-04	170..434101	20.505	PL-736-17-0335	\$ 45,699	\$ --	\$ 45,699
CRPC - Technical Assistance	170..434101	20.505		10,000	--	10,000
				<hr/>	<hr/>	<hr/>
SUBTOTAL CFDA NUMBER 20.505				55,699	--	55,699
<u>Passed through Louisiana</u>						
<u>Department of Military Affairs</u>						
	121126					
HMEP Grant Program	170..432103	20.703		4,195	--	4,195
				<hr/>	<hr/>	<hr/>
Total U.S. Department of Transportation National Highway Traffic Safety Administration				59,894	--	59,894
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>						
<u>Passed through Louisiana</u>						
<u>Housing Finance Agency</u>						
	121119					
Weatherization Assistance Program	170..432401	81.042	2003	101,409	--	101,409
Weatherization Assistance Program	170..432401	81.042	2004	85,709	--	85,709
				<hr/>	<hr/>	<hr/>
Total U.S. Department of Energy				187,118	--	187,118
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<u>Passed through Louisiana</u>						
<u>Department of Social Services</u>						
	121109					
LAJET	170..432602	10.561	01/02	(45)	--	(45)
LAJET	170..432602	10.561	02/03	(740)	--	(740)
LAJET	170..432602	10.561	03/04	192,169	--	192,169
LAJET	170..432602	10.561	04/05	70,471	--	70,471
				<hr/>	<hr/>	<hr/>
SUBTOTAL CFDA NUMBER 10.561				261,855	--	261,855
<u>Passed through Louisiana</u>						
<u>Department of Education</u>						
	121110					
National School Lunch Program	001..432106	10.555	04	40,069	--	40,069
				<hr/>	<hr/>	<hr/>
School Breakfast Program		10.553	04	15,037	--	15,037
				<hr/>	<hr/>	<hr/>
Headstart Food 2004-05	160..432607	10.558	03/04	542,865	--	542,865
Headstart Food 2003-04	160..432607	10.558	04/05	267,504	--	267,504
				<hr/>	<hr/>	<hr/>
SUBTOTAL CFDA NUMBER 10.558				810,369	--	810,369
				<hr/>	<hr/>	<hr/>
Summer Food	170..432607	10.559	04	929,802	--	929,802
				<hr/>	<hr/>	<hr/>

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE (CONTINUED):</u></b>						
<b><u>Passed through Natural Resources</u></b>						
<b><u>Conservation Service</u></b>						
Comite @ P.P.H. Rd. Slope/Embankment	121020 170..431603	10.916	02-DR-CI-0057	\$ 153,461	\$ 51,154	\$ 204,615
Total U.S. Department of Agriculture				2,210,593	51,154	2,261,747
<b><u>U.S. DEPARTMENT OF EDUCATION - REHABILITATION SERVICE ADMINISTRATION</u></b>						
<b><u>Passed through Louisiana</u></b>						
<b><u>Office of State Libraries</u></b>						
State Aid to Public Libraries	121121 170..432501	84.034	01/02	2,325	--	2,325
State Aid to Public Libraries	170..432501	84.034	02/03	91,444	--	91,444
Total U.S. Department of Education - Rehabilitation Service Administration				93,769	--	93,769
<b><u>U.S. DEPARTMENT OF LABOR</u></b>						
<b><u>Passed through Louisiana</u></b>						
<b><u>Department of Labor</u></b>						
WIA- Administration	121118 161..432604	NA	FY2003	228,636	--	228,636
WIA- Administration	161..432604	NA	PY2003	203,818	--	203,818
WIA- Administration	161..432604	NA	FY2004	39,422	--	39,422
SUBTOTAL CFDA NUMBER NA				471,876	--	471,876
WIA-Adult Program	161..432604	17.258	PY2003	171,000	--	171,000
WIA-Adult Program	161..432604	17.258	FY2004	666,657	--	666,657
WIA-Adult Program	161..432604	17.258	PY2004	240,326	--	240,326
WIA-Adult Program	161..432604	17.258	FY2005	191,477	--	191,477
WIA-Adult Program-Transfer	161..432604	17.258	FY2003	264,620	--	264,620
SUBTOTAL CFDA NUMBER 17.258				1,534,080	--	1,534,080
WIA-Youth Program	161..432604	17.259	PY2002	351,868	--	351,868
WIA-Youth Program	161..432604	17.259	PY2003	1,321,395	--	1,321,395
WIA-Youth Program	161..432604	17.259	PY2004	138,852	--	138,852
SUBTOTAL CFDA NUMBER 17.259				1,812,115	--	1,812,115
WIA-Dislocated Workers	161..432604	17.260	FY2003	589,260	--	589,260
WIA-Dislocated Workers	161..432604	17.260	PY2003	87,235	--	87,235
WIA-Dislocated Workers	161..432604	17.260	FY2004	351,100	--	351,100
SUBTOTAL CFDA NUMBER 17.260				1,027,595	--	1,027,595
TANF/STEP Grant	161..432604	93.558	PY2004	50,638	--	50,638
Total U.S. Department of Labor				4,896,304	--	4,896,304

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>						
<b><u>Direct Programs:</u></b>						
	121005					
Local Law Enforcement Block Grant	166..431103	16.592	2002-LB-BX-2799	\$ 155,659	\$ 18,041	\$ 173,700
Local Law Enforcement Block Grant	167..431103	16.592	2003-LB-BX-1644	225,013	26,121	251,134
SUBTOTAL CFDA NUMBER 16.592				380,672	44,162	424,834
Drug-Free Communities Program	170..431103	16.729	2001-JN-FX-0031	48,008	--	48,008
Drug-Free Communities Program	170..431103	16.729	2001-JN-FX-0031	84,166	--	84,166
Drug-Free Communities Program	170..431103	16.729	2001-JN-FX-0031	9,836	--	9,836
SUBTOTAL CFDA NUMBER 16.729				142,010	--	142,010
Nunn-Lugar-Domenici Domestic Preparedness	170..431103	16.006	2002-TE-CX-0040	21,596	--	21,596
City Constable Domestic Violence Grant	170..431103	16.588	2003-WE-BX-0081	112,200	--	112,200
Project Sentry	170..431103	16.609	2003-SE-CX-0008	95,940	--	95,940
Community Prosecution & Safe Neighborhood	170..431103	16.609	2003-GP-CX-0137	93,292	--	93,292
Project Safe Neighborhoods	170..431103	16.609		49,526	--	49,526
Project Safe Neighborhoods Comm. Outreach	170..431103	16.609		125,608	--	125,608
SUBTOTAL CFDA NUMBER 16.609				364,366	--	364,366
<b><u>Passed through Louisiana Commission on Law Enforcement:</u></b>						
	121116					
Drug Abuse Resistance Education	170..432102	16.579	E04-5-004	40,108	--	40,108
Drug Abuse Resistance Education	170..432102	16.579	E05-5-003	27,486	--	27,486
Police Electronic Equipment Enhancement	170..432102	16.579	P04-5-021	829	--	829
Integrated Criminal Apprehension (ICAP)	170..432102	16.579	B03-5-011	107,080	35,693	142,773
Constable DARE Grant	170..432102	16.579	E04-5-003	10,039	--	10,039
Constable DARE Grant	170..432102	16.579	E05-5-002	9,902	--	9,902
City Constable Electronic Equipment	170..432102	16.579	P04-5-023	829	--	829
SUBTOTAL CFDA NUMBER 16.579				196,273	35,693	231,966
Juvenile Accountability Block Grant	170..432102	16.523	A02-8-019	218,889	24,321	243,210
Juvenile Accountability Block Grant	170..432102	16.523	A03-8-019	62,534	6,948	69,482
SUBTOTAL CFDA NUMBER 16.523				281,423	31,269	312,692
Total U.S. Department of Justice				1,498,540	111,124	1,609,664
<b><u>U. S. ENVIRONMENTAL PROTECTION AGENCY (EPA)</u></b>						
<b><u>Direct Programs:</u></b>						
	121011					
EPA Brownsfields Assessment Grant	170..431605	66.818	2003/2005	193,931	--	193,931
EPA Brownsfields Pilot Program Grant	170..431605	66.811	BP-98661401-0	50,272	--	50,272
Total U. S. Environmental Protection Agency				244,203	--	244,203

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE A  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>U.S. DEPARTMENT OF THE INTERIOR</u></b>						
National Spatial Data Infrastructure Program	121013 170..431301	15.809	03HQAG0157	\$ 6,233	\$ --	\$ 6,233
<b><u>FEDERAL HIGHWAY ADMINISTRATION &amp; PRIVATE DONATIONS</u></b>						
High Intensity Drug Trafficking Area	121015 170..431203	NA	PO0220023-FY02	226	--	226
<b><u>OFFICE OF NATIONAL DRUG CONTROL POLICY</u></b>						
High Intensity Drug Trafficking Area	121023 170..431104	NA	IOPGCP509	6,624	--	6,624
<b><u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u></b>						
<u>Passed through LA Endowment for the Humanities</u>						
Public Humanities Program	121113 170..432502	45.129	2003/2005	2,153	--	2,153
<b>TOTAL FEDERAL GRANTS - SCHEDULE A</b>				<b>\$ 36,602,368</b>	<b>\$ 683,819</b>	<b>\$ 37,286,187</b>

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
BUSINESS-TYPE ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE B

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>FEDERAL GRANTS</u></b>						
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>						
<b><u>Direct Programs:</u></b>						
<b><u>Federal Aviation Administration:</u></b>						
	482..121007					
Soundproof Sixty Residences	482..431219	20.106	3-22-0006-42	\$ 71,918	\$ --	\$ 71,918
Construct Access Road Phase I		20.106	3-22-0006-44	209,286	--	209,286
Rehabilitate Portion of South G. A. Apron		20.106	3-22-0006-47	96,633	--	96,633
Soundproof 65-69 DNL Noise		20.106	3-22-0006-51	(2,083)	--	(2,083)
Acquire ILEAV Equipment		20.106	3-22-0006-53	3,868	--	3,868
Rehabilitate Runway 4L-22R, Phase I		20.106	3-22-0006-54	119,615	--	119,615
Residences & Easements within 65-69 DNL		20.106	3-22-0006-56	4,289,311	--	4,289,311
Rehabilitate Runway 4L-22R, Phase II		20.106	3-22-0006-57	914,385	--	914,385
Update Master Plan		20.106	3-22-0006-58	2,773	--	2,773
Construct Service Road - Phase II		20.106	3-22-0006-59	1,164,531	--	1,164,531
Construct Service Road - Phase III		20.106	3-22-0006-60	224,509	--	224,509
Soundproof Residences Within 65-70 DNL		20.106	3-22-0006-61	2,162,462	--	2,162,462
Rehabilitate Runway 4L-22R Phase III		20.106	3-22-0006-62	7,709,423	--	7,709,423
Improve of Runway 4L Safety Area		20.106	3-22-0006-63	235,277	--	235,277
Environmental Assessment & Benefit Cost Analysis		20.106	3-22-0006-64	726,344	--	726,344
Aircraft Apron Drainage & Runway 4L-Phase II		20.106	3-22-0006-65	923,160	--	923,160
Noise Mitigation & Acquire Easements within 65DNL		20.106	3-22-0006-66	434,940	--	434,940
				<hr/>		<hr/>
Total U.S. Department of Transportation - FAA				19,286,352	--	19,286,352
				<hr/>		<hr/>
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>						
<b><u>Passed through Louisiana</u></b>						
<b><u>Department of Military Affairs</u></b>						
	121126					
Emergency Management Performance						
Grant -2004	001..432103	97.042		97,011	--	97,011
				<hr/>		<hr/>
Total Department of Homeland Security				97,011	--	97,011
				<hr/>		<hr/>
<b><u>U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
<b><u>Passed through Louisiana</u></b>						
<b><u>Office of Youth Development</u></b>						
	121127					
Juvenile Services - Title IV-E	171..432104	93.658		526,861	1,265,555	1,792,416
				<hr/>		<hr/>
Total U.S. Department of Health and Human Services				526,861	1,265,555	1,792,416
				<hr/>		<hr/>

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
BUSINESS-TYPE ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

SCHEDULE B  
(Continued)

<u>Name of Grants &amp; Sources</u>	<u>Code Numbers</u>	<u>Federal CFDA Numbers</u>	<u>Grant Numbers</u>	<u>Federal Expenditures</u>	<u>Local Expenditures</u>	<u>Total</u>
<b><u>U. S. ENVIRONMENTAL PROTECTION AGENCY (EPA)</u></b>						
	121011					
<b><u>Direct Programs:</u></b>						
Wastewater Systems Improvements	449..431605	66.606	XP986109-01-0	\$ 1,392	\$ 1,139	\$ 2,531
Wastewater Systems Improvements	449..431605	66.606	XP98635001-0	114,043	93,308	207,351
Wastewater Systems Improvements	449..431605	66.606	XP986109-01-0	1,787	1,464	3,251
Wastewater Systems Improvements	449..431605	66.606	XP986109-01-0	294,372	240,850	535,222
SUBTOTAL CFDA NUMBER 66.606				411,594	336,761	748,355
<b><u>Passed through Louisiana</u></b>						
<b><u>Department of Environmental Quality</u></b>						
Capitalization Grants for Clean Water						
State Revolving Funds	438..xxxxxxx	66.458		97,012	--	97,012
Total U. S. Environmental Protection Agency				508,606	336,761	845,367
<b>TOTAL FEDERAL GRANTS - SCHEDULE B</b>				<b>\$ 20,418,830</b>	<b>\$ 1,602,316</b>	<b>\$ 22,021,146</b>

See Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For The Year Ended December 31, 2004**

**Note A – General**

The City-Parish Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the primary government of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, (the city-Parish). All federal financial assistance received directly from federal agencies is included on the schedule, as well as federal financial assistance passed-through other government agencies.

**Note B – Basis of Accounting**

The City-Parish Schedule of Expenditures of Federal Awards is presented using the modified or full accrual basis of accounting, which is described in Note 1 to the City-Parish’s financial statements for the year ended December 31, 2004. Schedule A details federal awards recorded in governmental fund types wherein revenues are recognized to the extent of expenditures (modified accrual). Schedule B details federal awards for proprietary fund types where government subsidies or contributions are recorded (full accrual accounting).

**Note C – Relationship to Federal Financial Reports**

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

**Note D – Subrecipients**

The City-Parish provided federal awards to subrecipients as follows:

<u>Program: Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Workforce Investment Act Youth Program	17.259	\$ 1,812,115
Supportive Housing Program	14.235	\$ 1,722,664
Federal Transit Administration Capital Assistance	20.507	<u>\$ 89,265</u>
Total		<u>\$ 3,624,044</u>

**CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2004**

**A. Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unqualified

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

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      x   no

*Federal Awards*

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.235	Supportive Housing Program
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers
93.600	Head Start

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$1,710,635.
- The City of Baton Rouge and Parish of East Baton Rouge did qualify as a low-risk auditee.

**CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2004**

**B. Findings – Single Audit**

2004-1) **14.235 Supportive Housing Program**

**Department of Housing and Urban Development**

Grant No.'s LA 48-B97-01  
LA 48-B90-40  
LA 48-B00-40  
LA 48-B10-40  
LA 48-B20-40  
LA 48-B30-40

**Monitoring Sub-recipients**

**Questioned costs: undetermined**

Criteria: OMB Circular A-133 indicates that a pass-through entity is responsible for during-the-award monitoring and for ensuring that required audit reports are obtained and reviewing the results of those audits.

Condition: Certain aspects of the program administration's monitoring process could benefit from enhancement. While the administration's process for reviewing sub-recipient requests for reimbursement generally allows for a level of assurance for allowable costs, certain other aspects of grant compliance can best be ensured through on-site monitoring visits and from reviewing Single Audit reports. We noted the following deficiencies with regard to the Program's monitoring program:

- Monitoring visits, while sometimes conducted, were infrequent (3 out of 13 were conducted) and were not performed according to a pre-set schedule.
- Out of 13 subrecipients, only 4 audits were current.
- For one larger sub-recipient, Options Villa, the sub-recipient's reimbursement requests were not accompanied by supporting invoices, as is the procedure for all other sub-recipients.

Effect: A pass-through entity must execute its monitoring responsibilities to help ensure program compliance by the subrecipient. Failure to carry out all appropriate aspects of a monitoring program presents a risk that non-compliance could exist at the subrecipient level without timely detection by the pass-through entity.

**CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2004**

2004-1) (continued)

**Recommendations:** The administration should develop a plan for conducting site visits based upon a risk-based criteria that decides priority and frequency. Based upon this selection process, the date and time of those visits should be agreed to by the subrecipient scheduled. For those subrecipients that are not required to submit supporting documentation of charges with reimbursement requests, sample testing of costs should be conducted upon the site visit.

We recommend that required audits be obtained on a timely basis. Corrective action plans should be obtained and monitored. Furthermore, we suggest the involvement of an accountant or auditor experienced in governmental accounting and auditing to review the submitted audits for significant findings and compliance with OMB Circular A-133.

*Management's Response:*

*SHP grants are for a three year period, and all subrecipients will be monitored at least once during the period. Monitoring is prioritized according to the following:*

1. *Subrecipients receiving a grant for the first time.*
2. *Subrecipient was monitored in a prior year and deficiencies were found.*
3. *Subrecipient is required to have a Single Audit.*

*Additionally, the U.S. Department of Housing and Urban Development conducts site visits; therefore, it is possible for a subrecipient to be monitored multiple times.*

			<u>Questioned Costs</u>
2004-2)	93.600	<u>Headstart (Department of Health and Human Services)</u>	06H006527 \$ 245,100
	14.218	<u>Community Development Block Grant (Department of Housing and Urban Development)</u>	B-04-MC-22002 104,380
	93.569	<u>Community Service Block Grant (Passed through Louisiana Department of Employment and Training)</u>	FY-04P0019 32,490
	17.258-260	<u>WIA Cluster, (Passed through Louisiana Department of Labor)</u>	FY2004 <u>73,390</u>
			<u>\$ 455,360</u>

**CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2004**

2004-2) (continued)

**Criteria:** OMB Circular A-87 (the Circular) sets forth specific criteria that must be met in order for costs to be charged to federal grants. With regard to post-employment health insurance benefits, the Circular indicates that such costs may be charged on a pay-as-you-go method or an acceptable actuarial cost method. The City uses the pay-as-you-go method.

When using the pay-as-you-go method, costs are limited to actual payments to retirees or their beneficiaries. Cost must be allocable to the program being charged.

**Condition:** The City uses the pay-as-you-go method, however, the post-employment health costs charged do not represent actual payments of benefits for retirees of those programs. Instead, the costs are charged using an allocation of total retiree benefit premiums based upon each fund/department's payroll in relation to the total. Such an allocation method may result in costs being charged which are not allocable to the programs and thus would not comply with the criteria of OMB Circular A-87.

**Effect:** The City may have charged unallowable costs to the federal programs.

**Recommendation:** Assuming the City continues to utilize the pay-as-you-go method, cost charged should be limited to those that are identifiable to retirees of those programs. The City may want to consider funding post employment health insurance under an accepted actuarial method.

**Management's  
Response:**

*The City-Parish allocates post-employment health care costs attributable to premiums only, based on a percentage of payrolls of all participating employers. All funds of the government are assessed for this cost, including grants. Premiums for post-employment health costs are real expenses and are an obligation created by our policy that provides health care benefits to retirees. Retirees are only eligible due to their long-term employment. Therefore, it is reasonable to allocate a charge for these costs to employers.*

*Determining the exact cost of health care for retirees is much more difficult than determining the cost of health care premiums for them. The City-Parish is in the process of engaging an actuary to determine the cost of post-employment health care for retirees. Governmental Accounting Standards Board Statements Number 43 and Number 45 will require that the City-Parish identify these costs and include them in financial statements in either 2006 or 2007, depending on the decision as to whether a formal plan will be established to account for this liability. Therefore, we will be capable of quantifying the present and future costs of retiree health care in the very near future. We believe*

**CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2004**

2004-2) (continued)

*that the actual cost will far exceed costs now being allocated to various funds.*

*Once a cost is determined, the question of how to allocate it to funds will arise. We are aware that other very large governments are assessing the cost of retiree health insurance premiums based on the number of full time equivalent positions. It appears that this method or an allocation as a percentage of payroll, as is currently done with our pension system, should be acceptable. These methods will assist in addressing the mobility of employees as they work for various entities during their careers.*

*In conclusion, we believe that our current method of allocating these costs is fair, especially recognizing that they will be determined to be a small percentage of the actual cost of providing retiree health care. Furthermore, any issues relative to these matters should be resolved in the very near future as we complete the actuarial study and begin to report these costs based on generally accepted accounting principles in compliance with new standards.*

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2003**

**17.258-60 Workforce Investment Act (WIA)**

2003-1) Allowable Costs

*Questioned Costs: \$206,001*

**Criteria:** The program pays tuition and other costs on behalf of eligible participants. The program contracts with various entities (schools) to provide training to those participants. The terms of the contracts provide tuition should be paid in two increments based upon progress of the participants in completing the course of study or training.

**Condition(s):** One of the contracted schools was paid tuition fees in excess of that which had been earned in accordance with the terms of the contract. The school billed the program for tuition fees of 35 students that did not attain the required level of course completion commensurate to these tuition fees. The students dropped out before the school earned the tuition. Questioned tuition costs of \$195,639.

In addition, the condition was noted at two other schools. Questioned tuition costs totaled \$10,362. For all institutions, questioned costs total \$206,001.

**Effect:** The program paid for services not provided.

**Recommendation:** While the program has initiated efforts to recover these overpaid tuition fees, we recommend that the program continue these efforts. The program is also enhancing its internal controls to better detect such over billings prior to payment. We recommend that the program proceed with these enhancements. In designing these enhancements, we recommend case manager involvement in the disbursement process to help ensure that tuition is paid only for active participants. Case managers' knowledge of participant status should be current within a two-month period.

**Management Response:** *The Administrative staff discovered the discrepancies in billing on the part of one of our vendors. They determined the magnitude of the overpayment and determined that it was \$195,639. Arrangements were made to recoup the overpayment, and to date, we have collected \$17,466.66, leaving a balance of \$178,172.34. The Louisiana Department of Labor and the U.S. Department of Labor approved the method we are using to recoup the money. We have initiated procedures to detect and eliminate overpayments in the future. We are requiring proper documentation to show that what we are paying for has been earned.*

*The Finance Department deferred the recognition of grant revenues in the amount of \$195,639 on the accompanying financial statements for the period ended December 31, 2003.*

*As to the questioned cost at the other institutions, we disagree with a portion of the finding. We question \$5,000. We are in the process of collecting the difference of \$5,362.*

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2003**

**17.258-60 Workforce Investment Act (WIA) (continued)**

**Updated Management  
Response:**

**We are continuing to recoup the overpayment. We have recouped \$48,091.65 and have an outstanding credit of \$151,797.35. Also, our office is working with Alfred Williams, Assistant Chief Administrative Officer, to develop a plan to expedite repayment or take legal action.**

**2003-2) Monitoring**

*Questioned Costs: Undetermined*

**Criteria:**

As part of its monitoring responsibilities with regard to subrecipients, a pass-through or awarding entity is responsible for, among other things, ensuring that required audits are performed, reviewing the results of those audits, and requiring the subrecipient/contractor to take prompt corrective action for any findings of non-compliance. Audits must be conducted in accordance with OMB Circular A-133 if total federal funding to the subrecipient is greater than a pre-established threshold (\$300,000 for 2003, \$500,000 beginning 2004).

**Condition:**

The administrative personnel do require the submission of and do review the audit report; however, several of these audits have not been conducted in accordance with OMB Circular A-133 (Single Audit Act).

**Effect:**

A Single Audit addresses many compliance issues that an audit conducted outside of those standards would not address. As such, a Single Audit provides a level of assurance to the grantor of grantee (subrecipient) compliance. Without receiving a Single Audit, that level of assurance is not attained. The grantor has an increased risk that grantees (subrecipients) have not expended funds in accordance with the provisions of the grant.

**Recommendation:**

The program administration should ensure that the audits of subrecipients are performed in accordance with the standards of OMB Circular A-133, when applicable. The agreement under which the program awards contracts to subrecipients contains an A-133 audit provision. That contract provision needs to be enforced. Additionally, the administration should ensure that the subrecipient's audit engagement has been approved by the Louisiana Legislative Auditor, in accordance with state law.

If subrecipients fall below the \$500,000 threshold, we recommend that on-site monitoring reviews be conducted for compliance with significant compliance attributes. These reviews should be conducted by persons with accounting and program knowledge that will enable them to detect non-compliance.

**Management Response:**

*We have procedures in place to receive the required audits in accordance with OMB Circular A-133. The audits will be reviewed in a timely manner and prompt actions taken when necessary. If the subrecipients fall below the \$500,000 threshold, we will put procedures in our monitoring guides to detect non-compliance. We will train our monitors to carry out these procedures.*

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2003**

**17.258-60 Workforce Investment Act (WIA) (continued)**

**Updated Management**

**Response:**

**We are negotiating with a contractor to provide training to our monitors to carry out the procedures we have put in place.**

**14.235 Supportive Housing Program**

**2003-3) Monitoring Subrecipients**

*Questioned Costs: Undetermined*

**Criteria:**

With regard to subrecipients, during the award a pass-through entity is responsible for monitoring and for ensuring that required audit reports are obtained and reviewing the results of those audits.

**Condition:**

Certain aspects fo the program administration’s monitoring process could benefit from enhancement. While the administration’s process for reviewing subrecipient requests for reimbursement allows for a level of assurance for allowable costs, certain other aspects of grant compliance can best be ensured through on-site monitoring visits and from reviewing Single Audits. We noted monitoring visits, while sometimes conducted, were infrequent and were not performed according to a pre-set schedule. Out of 17 subrecipients, only nine audits were up-to-date.

**Effect:**

A pass-through entity must execute its monitoring responsibilities to help ensure program compliance by the subrecipient. Failure to carry out all appropriate aspects of a monitoring program presents a risk that non-compliance could exist at the subrecipient level without timely detection by the pass-through entity.

**Recommendation:**

The administration should develop a plan for conducting site-visits based upon risk-based criteria that decides priority and frequency. Based upon this selection process, the date and time of those visits should be agreed to by the subrecipient scheduled.

We recommend that required audits be obtained on a timely basis. Those subrecipients not compliant with the audit requirements should be dealt with. All audits need to be conducted in accordance with OMB Circular A-133. Furthermore, we strongly suggest the involvement of a CPA experienced in governmental accounting and auditing to review the submitted audits. If any non-compliance was found as a result of the audit (findings), then the administration is responsible for ensuring that the non-compliance is remedied.

The administration may want to consider contracting out certain aspects of its monitoring activities to a qualified CPA through agreed-upon procedure engagements. Such engagements are an allowable cost if the subrecipient is below the A-133 audit threshold of \$500,000.

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2003**

**14.235 Supportive Housing Program (continued)**

*Management Response: The Office of Community Development (OCD) would like to note that it is monitored yearly by the U.S. Department of Housing and Urban Development. A regular part of the monitoring is site visits to a number of SHP Project Sponsors. The monitoring visit recently completed by HUD (April 20 and 21) contained no findings relative to programmatic issues.*

*The OCD acknowledges that it needs to improve its on-site monitoring of subrecipients but feels that the recommendation that it contract this out to a CPA is not feasible. The manner in which Administrative funds are earned under the SHP program precludes drawing administrative funds for a project in excess of the percentage of funds allowed based on the expenditure of the Project Sponsor. The funds available for any one project could very well not be equal to that necessary to pay for the services of the CPA. The OCD will establish within 45 days of this response a schedule for conducting on site monitoring of its subrecipients. The schedule will be entered into a "tickler" system that will provide advanced notification of the necessary monitoring visits.*

**Updated Management Response:**

**SHP Grants are for a three year period. During that time frame all subrecipients will have on site monitoring at least once. Awards over the Single Audit threshold of \$500,000 will be monitored annually, any subrecipients that have had a finding or concern during the previous years monitoring will be re-monitored and any new subrecipients will also be monitored yearly.**

**20.205 Highway Planning and Construction Grants**

**2003-4) Davis-Bacon Wage Rates**

*Questioned Costs: Undetermined*

**Criteria:** When required by the Davis-Bacon Act, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Federal Department of Labor. To ensure that contractors and subcontractors are in compliance with Davis-Bacon Act, grantee personnel must monitor the payrolls of all contractors and subcontractors of applicable projects.

**Condition:** We noted an instance where the City's review process failed to detect the underpayment (less than the Federal wage requirements) of an electrician. Additionally, we noted a payroll submission which was not signed by the reviewer.

**Effect:** Although the review process appears to be functioning adequately, this instance of non-compliance did surface.

**Recommendation:** While we understand that oversights may occur, personnel responsible for monitoring compliance should be diligent in reviewing the payrolls.

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2003**

**20.205 Highway Planning and Construction Grants (continued)**

That review should always be documented through signature of the reviewer.

*Management Response: The personnel charged with reviewing payrolls for compliance with Davis-Bacon have been instructed to be more diligent in their review and also have been instructed to document their review by signing each sheet of the payroll. The Engineering Division will endeavor to correct the issue noted in the audit. We believe this is an isolated instance.*

**Updated Management Response:**

**DPW believes this is an isolated oversight. We have discussed with the appropriate personnel the importance of City-Parish's responsibility for assurance of compliance regarding these federal requirements and to be diligent in the review of the contractors' payroll documentation.**



**Postlethwaite & Netterville**

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE**

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

**Compliance**

We have audited the compliance of the City of Baton Rouge and the Parish of East Baton Rouge (the City-Parish) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration in September 2000 (Guide), for its passenger facility charge program for the year ended December 31, 2004. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the City-Parish's management. Our responsibility is to express an opinion on the City-Parish's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City-Parish's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City-Parish's compliance with those requirements.

In our opinion, the City-Parish complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2004.

**Internal Control Over Compliance**

The Management of the City-Parish is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the City-Parish's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.

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

Schedule of Passenger Facility Charges Revenues and Disbursements

We have audited the basic financial statements of the City of Baton Rouge and the Parish of East Baton Rouge as of and for the year ended December 31, 2004, and have issued our report thereon dated May 27, 2005, which includes a reference to the report of other auditors. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of passenger facility charges revenues and disbursements is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Metropolitan Council, the City-Parish management, the Federal Aviation Administration and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
May 27, 2005



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF PASSENGER FACILITY CHARGES (PFC)**  
**REVENUES AND DISBURSEMENTS**  
**BATON ROUGE METROPOLITAN AIRPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	FY 2003 <u>Program Total</u>	Quarter 1 <u>Jan - Mar</u>	Quarter 2 <u>Apr - Jun</u>	Quarter 3 <u>Jul - Sep</u>
<b>Revenue</b>				
Collections	\$ 12,451,797	\$ 186,959	\$ 311,534	\$ 200,295
Interest	<u>1,008,605</u>	<u>--</u>	<u>1,033</u>	<u>1,740</u>
<b>Total Revenue</b>	<b>13,460,402</b>	<b>186,959</b>	<b>312,567</b>	<b>202,035</b>
<b>Disbursements</b>				
92-01-I-00-BTR	--		--	--
93-02-U-00-BTR	1,459,865	74,150	(23,942)	--
96-03-C-00-BTR	1,290,899	--	--	--
97-04-C-00-BTR	9,164,814	66,913	308,696	284,568
00-05-C-00-BTR	<u>996,531</u>	<u>--</u>	<u>(114,369)</u>	<u>18,474</u>
<b>Total Disbursements</b>	<b>12,912,109</b>	<b>141,063</b>	<b>170,385</b>	<b>303,042</b>
<b>Net PFC Revenue</b>		<b>45,896</b>	<b>142,182</b>	<b>(101,007)</b>
<b>PFC Account Balance (cash basis)</b>	<b>\$ 548,293</b>	<b>\$ 594,189</b>	<b>\$ 736,371</b>	<b>\$ 635,364</b>

Quarter 4 <u>Oct - Dec</u>	FY 2004 <u>Total</u>	FY 2004 <u>Program Total</u>
\$ 264,221	\$ 963,009	\$ 13,414,806
<u>5,341</u>	<u>8,114</u>	<u>1,016,719</u>
269,562	971,123	14,431,525
--	--	--
--	50,208	1,510,073
--	--	1,290,899
250,484	910,661	10,075,475
<u>20,894</u>	<u>(75,001)</u>	<u>921,530</u>
271,378	885,868	13,797,977
(1,816)	85,255	
\$ 633,548	\$ 633,548	633,548
Accrued PFC revenues		147,809
Accrued interest revenues		1,859
Accrued expenses		<u>(59,503)</u>
Total Net Assets Restricted for PFC included in EXHIBIT A-8		<u>\$ 723,713</u>