

January 1, 2006

Dear citizens of East Baton Rouge Parish:

The purpose of this pamphlet is to provide a brief summary of selected highlights from operating budgets for the year 2006.

The legal framework for financial management of the City of Baton Rouge and Parish of East Baton Rouge (City-Parish) is largely established in a *Plan of Government* approved by local voters in 1947. That plan requires the adoption of annual operating budgets for various governmental functions. In accordance with this plan, the local government in December 2005 adopted annual operating budgets for the year 2006. At that time, a \$235 million general operations budget was approved, along with a number of budgets for special operations, for a grand total of \$591 million. All of the annual budgets referred to above are published in a document entitled *2006 Annual Operating Budget*, which is available for review by the public at parish libraries and at the City-Parish Finance Department—Budgeting Division located at 222 St. Louis Street, Baton Rouge, Room 452 (phone 389-3067). The budget document is also available on the Internet at www.brgov.com/dept/finance.

The City-Parish has separate budget processes for some state and federal grant programs, as well as for capital improvement programs such as street construction and public building construction. A summary of recurring grant programs and capital improvement programs is included in the *2006 Annual Operating Budget*.

THE BUDGET PROCESS

Allocation of revenues is determined through the budget process. This process begins with the presentation by the Mayor-President (Mayor) of his goals and objectives for the City-Parish. Departments then formulate departmental goals consistent with those of the City-Parish as a whole and submit their budget requests to the Mayor. The Mayor reviews these requests with his staff, department personnel, and representatives of the Metropolitan Council (Council). After considering the needs of the community, established policies, current financial conditions, and the forecasted economy, the Mayor formally proposes operating budgets to the Council for all operations that require such budgets. The Council then considers the Mayor's proposals, holds public hearings, and enacts final budgets, which may be different from those originally proposed by the Mayor. These annual budgets become effective on January 1.

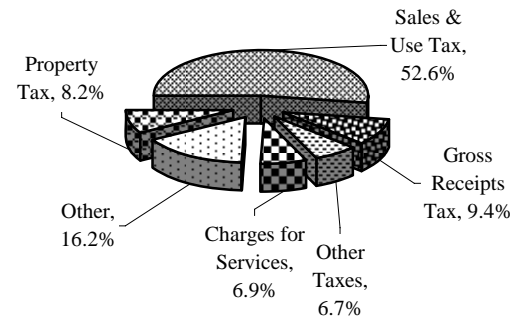


Responsibility for the administration of the annual operating budget is shared by the Mayor, through the Chief Administrative Officer, the Finance Director, and the staff of the Finance Department-Budgeting Division; and the Metropolitan Council, through the Council Administrator-Treasurer and the Council Budget Officer.

GENERAL OPERATIONS (GENERAL FUND)

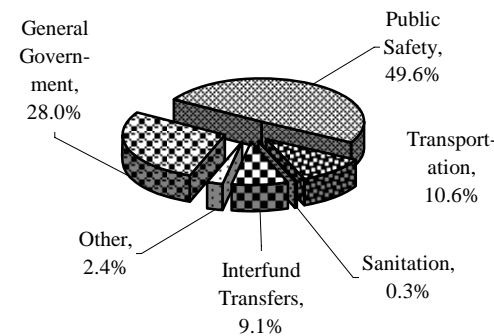
As shown in the chart below, the 2006 budget for general operations, amounting to \$235 million, is financed primarily through sales, property, and public utility taxes:

SOURCE OF FUNDS



The following chart shows the function for which general operations money will be spent in 2006:

USE OF FUNDS



SPECIAL OPERATIONS (SPECIAL FUNDS):

About 39% of the spending authorized in the annual operating budgets relates to the budget for general operations discussed in the preceding section. The remaining authorized spending pertains to the smaller budgets for special operations or activities. The most common reason for having separate budgets for these activities is that the revenues supporting them are legally dedicated to a specific purpose. Programs funded through these special budgets include:

- Fire protection for rural areas
- Pay enhancements for City firefighters
- Downtown Development District
- Mosquito Abatement and Rodent Control
- Operation of the Library system
- Street maintenance programs
- Emergency Medical Services
- EBR Parish Communications District
- Garbage collection
- Road lighting for rural areas
- Animal Control Center
- Operation of the Baton Rouge River Center and parking facilities
- Repayment of long-term debt
- Mass transit service
- Operation of sewerage systems
- Operation of the sanitary landfill
- Operation of the local Airport
- Support for the City Constable
- Provision of social services
- Employment training and opportunities
- Community and economic development
- Gaming enforcement services
- Equipment repair and maintenance
- Equipment replacement for Public Works
- Employees' retirement funds

2006 FUNDING HIGHLIGHTS

Among the more noteworthy features of the 2006 budgets are the following:

- One important consideration in the preparation of the 2006 budget was the impact of Hurricanes Katrina and Rita. Since the extent of this impact is not yet known, the City-Parish has chosen to budget conservatively; the proposed budget assumes a 3.5% growth rate in 2006 for sales and use tax revenues, its largest single revenue source.
- The solid-waste program will undergo significant changes during 2006, when residential garbage collection will become automated and certain fees will increase.
- Voters in 2005 approved a 23-year extension of the one-half percent sales tax dedicated to streets and roads, which revenues can be bonded in order to proceed on the Transportation Program of the Mayor's Green Light Plan, which consists of a number of badly-needed road projects. These projects are even more urgent in the wake of the 2005 hurricanes and the increased population of the parish.
- A pay raise is provided for police officers at an average rate of 11.5%. This increase brings the total police compensation package up to a level comparable to that of other cities of like size. A 3% cost-of-living raise is provided for all employees other than commissioned police officers.
- In 2002 the City-Parish entered into a Consent Decree with the federal Environmental Protection Agency and the state Department of Environmental Quality. That Consent Decree committed the City-Parish to spend approximately \$618 million over thirteen years to minimize sanitary sewer overflows. Four Supplemental Environmental Projects will also be constructed as part of the

Consent Decree. These projects will redirect septic tank discharges from neighborhood waterways into new sewer lines where the effluent will be treated at a sewer treatment plant. The 2006 budget is consistent with the long-range funding model for the sewer program. In 2005 the City-Parish presented an alternative Sanitary Sewer Overflow Capital Improvements Program to the EPA; if approved, this alternative program will be a more cost-effective means of controlling sewer overflows and providing capacity for the future growth of the parish.

CONCLUSION:

The high quality of our budget is evidenced by our receipt of the Distinguished Budget Presentation Award of the Government Finance Officers Association of the United States and Canada (GFOA) for our budgets for each year from 1991 through 2005. This is the highest form of recognition in governmental budgeting, and we hope to win this honor again in 2006. In addition, we were awarded the Louisiana GFOA Outstanding Budget Award eight times in the nine years that it was offered.

I would sincerely appreciate any comments from the citizens of our community relative to the budget. All citizens are invited to attend the budget hearings held in November and December of each year. Anyone interested in attending should contact the Finance Department at 389-3061 or the Council Budget Office at 390-3051 in early November of each year to obtain the schedule.

Sincerely yours,

Melvin L. "Kip" Holden
Mayor-President

QUICK REFERENCE PHONE NUMBERS

City-Parish Operator (Information)	389-3000
Alcoholic Beverage Control Board	389-3364
Airport	355-0333
Animal Control Center	774-7700
Citizens Service-Complaints	389-3090
Garbage/Trash Complaints, Srv.	311
City Constable	389-3004
City Court	389-5279
Communications District	389-2911
Community Development	389-3039
Constituent & Neighborhood Srv.	389-7871
Coroner	389-3047
Council Administrator-Treasurer	389-3123
Council Budget Officer	389-3051
District Attorney	389-3400
District Court	389-4700
Downtown Development District	389-5520
Emergency Medical Services	389-5155
Emergency Preparedness	389-2100
Family Court	389-4680
Finance Department	389-3061
Finance - Revenue Division:	
Business Lic. / Sales Tax Assist.	389-3084
Fire Department	354-1400
Human Development and Services	358-4583
Human Resources (Personnel)	389-3141
Information Services	389-3070
Juvenile Court	354-1250
Juvenile Services	356-4471
Library-Main Branch	231-3700
Mayor-President's Office	389-3100
Mosquito Abatement and	
Rodent Control	356-3297
Parish Attorney	389-3114
Planning Commission	389-3144
Police Department	389-3800
Public Information Office	389-3121
Public Works Department	389-3158
Purchasing	389-3259
Recycling	389-5194
Registrar of Voters	389-3940
River Center Box Office	389-4940
Service Fee Business Office	
(Solid Waste/Sewer Bills)	389-5378

2006

BUDGET HIGHLIGHTS

CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE

MELVIN L. "KIP" HOLDEN
MAYOR-PRESIDENT

METROPOLITAN COUNCIL MEMBERS
January 1, 2006

Ulysses Z. Addison, Jr.
David J. Boneno
Lorri Burgess
Wayne Carter
Pat Culbertson
Joseph "Joe" Greco
Charles Kelly
Darrell P. Ourso
Byron Sharper
Mickey Skyring
Martha J. Tassin
J. Michael "Mike" Walker