



## Organization

The City of Baton Rouge and Parish of East Baton Rouge (City-Parish) operates under a charter entitled the *Plan of Government*, which became effective on January 1, 1949. The Plan is unusual in that the government of the City of Baton Rouge is substantially consolidated with that of the parish (county). The Metropolitan Council of the Parish of East Baton Rouge, elected from 12 single-member districts, serves as the governing authority of the city and parish. The Mayor-President is elected at large and is the Chief Executive Officer of the city and parish. Economies are realized through combined operations and management.

Until 2005 the parish contained, in addition to Baton Rouge, two other municipalities, Baker and Zachary. In July 2005 a third municipality, the City of Central, was incorporated. These three are independent from the consolidated government.

## The Process

### Operating Budget

The purpose of the Annual Operating Budget for the City of Baton Rouge and Parish of East Baton Rouge is to provide fiscal guidance for the upcoming year. The aim of the budget process is to determine how the limited estimated revenues will be allocated. The budget calendar for preparation of the 2015 Annual Operating Budget was as follows:

May 30 - June 6	Instructional letter forwarded to depts. by Chief Administration Officer
June 20 – Sept. 3	Deadline for submission of budget requests
Aug. 7 – Sept. 30	Mayoral budget discussions
November 5	Mayor-President’s budget submitted to Council
Nov. 18 – Dec. 3	Council Budget Hearings
December 9	Metropolitan Council approval of budget
January 1	Effective date of current expense budget

When the instructional letter and budget-request packets were sent to the various departments and agencies earlier this year, each General Fund department was asked to submit a standstill budget request to provide for existing operations. Keeping rising benefit costs in mind, General Fund departments were instructed that all previously allotted unfunded positions remain the same for 2015. Special-fund requests are limited by the level of resources available from their dedicated revenues.

During the mayoral budget discussions, department and agency heads are called upon to justify their budget requests and to discuss how their activities relate to the Mayor-President’s Strategic Initiatives shown earlier in this document. The Plan of Government requires the Mayor-President to submit balanced budgets for all departments and special districts for which the Metropolitan Council serves as the governing authority no later than November 5 of each year.

The Council then must hold at least one public hearing prior to adoption of the final budget. By December 15, the Council must act upon the budget, or the Mayor-President’s proposed budget is automatically adopted effective January 1.

Responsibility for the administration of the Annual Operating Budget is shared between the Mayor-President, through his Chief Administrative Officer and the Finance Director, and the Metropolitan Council, through its Council Administrator/Treasurer and Council Budget Officer.

### Capital Improvements

Included in this document is the capital budget, which is shown in the section, entitled "Capital Improvement Programs." This section describes the capital projects or capital outlays which will be financed from revenues for the ensuing fiscal year and available surpluses from prior years. In addition, a summary of major capital improvements that are either continuing into or beginning in the proposed budget year is provided. Major capital improvements are subjected to separate budgetary processes which often involve the issuance of long-term debt; therefore, detailed budgets are generally adopted or amended individually. The operating budget does, however, include provisions for debt service on outstanding debt. This section also includes the source of funds and operational impact of planned capital improvements.

## Budgetary Structure

The Annual Operating Budget for the City of Baton Rouge and Parish of East Baton Rouge includes various funds that are budgeted and accounted for separately. Categorized into Governmental, Proprietary, and Fiduciary, the funds are as follows:

**Governmental Funds** are used to account for most tax-supported activities.

The General Fund is the government’s primary operating fund of the consolidated City and Parish. It accounts for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditure for specified purposes (other than debt service or capital projects). The term “*proceeds of specific revenue sources*” indicates that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Those specific restricted or committed revenues may be initially received in another fund and subsequently distributed to a special revenue fund. Those amounts should be recognized not in the fund initially receiving them but rather in the special revenue fund in which they will be expended in accordance with specified purposes. Special revenue funds



should not be used to account for resources held in trust for individuals, private organizations, or other governments.

The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources (investment earnings and transfers from other funds, for example) also may be reported in the fund if those resources are restricted, committed, or assigned to the specific purpose of the fund.

**Debt Service Funds** are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

**Capital Projects Funds** are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. Funds of this type supported by bonded indebtedness are generally not included in the budget document because of various timing and legal requirements of the bond issues that usually support capital projects. These budgets are submitted to the Metropolitan Council separately and are adopted on a project-length basis. Appropriations for capital projects funded on a pay-as-you-go basis are included in the Capital Budget.

**Proprietary Funds** are used to account for the City-Parish business-type activities.

**Enterprise Funds** may be used to report any activity for which a fee is charged to external users for goods and services. Generally Accepted Accounting Principles require the use of an enterprise fund for any activity whose principal external revenue sources (1) are used for debt backed solely by fees and charges; or (2) are legally required to recover the cost of providing services of a particular activity (including capital costs such as depreciation or debt service); or (3) have been legally earmarked by a policy decision to recover the cost of providing services of a particular activity (including capital costs such as depreciation or debt service).

**Internal Service Funds** are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City-Parish on a cost-reimbursement basis.

**Fiduciary Funds** are used to report assets held in a trustee or agency capacity for others and that therefore cannot be used to support the government's own programs.

The **Pension Trust Fund** is used to account for transactions of the Employee's Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (CPERS) and the Police Guarantee Trust under the Employees' Retirement System. The CPERS trust includes the accumulation of contributions for a defined-benefit cost-sharing multiple-employer pension plan to provide retirement benefits to qualified employees. The Police Guarantee Trust holds assets and pays certain retirement benefits to those members who have voluntarily transferred to the Municipal Police Employees' Retirement System of Louisiana (MPERS).

Governmental Accounting Standards Board (GASB) Statement No. 34 requires that funds be classified as major or non-major. Governmental Funds designated as major funds are the General Fund, the East Baton Rouge Parish Library Board of Control Special Revenue Fund, the Grants Special Revenue Fund, and the Capital Projects Fund. The three Enterprise Funds that are reported as major funds are the Comprehensive Sewerage System Fund, the Greater Baton Rouge Airport District Fund, and the Solid Waste Funds. All other funds are designated as nonmajor.

## Financial Policies

### Auditing, Accounting, and Financial Reporting

The City-Parish accounting and financial reporting systems will be maintained in conformance with generally accepted accounting principles and the standards of the Governmental Accounting Standards Board (GASB). A capital-asset system will be maintained to identify all City-Parish assets, their location, historical cost, useful life, depreciation method, depreciation to date, and the individual responsible for asset control.

The City-Parish will contract with an independent accounting firm, which will issue an audit opinion on the official Comprehensive Annual Financial Report. Competitive requests for proposals from qualified firms will be sought every four years. The City-Parish will maintain a good credit rating in the financial community.

### *Basis of Accounting*

The accounting and financial reporting treatment applied to a fund will be determined by its measurement focus. Governmental Funds will be accounted for by using a current financial resources measurement focus. The modified accrual basis of accounting will be used for all Governmental Fund types, which include the General Fund. Under this basis of accounting, revenues are recognized in the period in which they become available and measurable; expenditures are reported when the 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 other post-employment benefit



obligations, and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Proprietary Funds and the Pension Trust Fund will be accounted for on an economic resources measurement focus. The accrual basis of accounting will be used for all Proprietary Fund types, which include the Enterprise and Internal Service Funds, and for the Pension Trust Fund, which is a Fiduciary Fund type. Under this method, revenues are recognized in the period when earned and measurable; expenses are reported in the period incurred, if measurable.

Property taxes are considered measurable in the calendar year of the tax levy if collected soon enough to meet the availability criteria. Sales and use taxes and gross receipts business taxes are considered measurable when the underlying transaction occurs if they meet the availability criteria. Generally if these taxes are received by the Finance Department of the City-Parish within 60 days after the end of the fiscal year they are deemed to have met the availability criteria.

With the approval of the Mayor-President and the Metropolitan Council, the City-Parish may authorize expenditures associated with anticipated federal and state assistance programs based on a written commitment from the grantor. If such a commitment is not obtainable, the historical record relative to the particular grantor and the judgment of financial administrators will be used to determine which assurances are acceptable.

### *Basis of Budgeting*

Budgets adopted for the governmental funds deviate from Generally Accepted Accounting Principles (GAAP) in the budgeting for encumbrances and capital leases. Encumbrances are shown as expenditures on the budget basis in the year of commitment. Capital leases are budgeted as departmental appropriations on the budget basis, while on a GAAP basis they are considered as debt service. There are currently no capital leases.

Budgets adopted for proprietary funds and fiduciary funds deviate from GAAP to the extent that additional budget allocations are shown with a Memorandum Only caption for (1) selected recurring principal payments for debt service (although no expenses are charged); and (2) capital outlays expected during the budget year for planned cash flow purposes. Budgets for proprietary and fiduciary funds serve as a management tool and are required by the Plan of Government, but are not required by GAAP or Louisiana state law.

### *Budgetary Accounting*

The City-Parish Finance Department will maintain budgetary control at the major object class level of appropriation (personal services, supplies, etc.) for management purposes. The legal level of control is the department or project level. Budget transfers within a department or project may be made with the

approval of the Finance Director. Budget supplements are required before expenditures in excess of appropriations on a department level may be processed. Such supplemental appropriations must be approved by both the Mayor-President and the Metropolitan Council. Unexpended appropriations normally lapse at year-end, except those for projects of a continuing or capital nature, which remain open until the projects are completed or abandoned. Departments can request to transfer projected operating surpluses to capital accounts so that they may be carried forward to future years and used for capital needs.

The City-Parish will subsidize the operations and maintenance of the Enterprise Funds unable to attain self-sufficiency when permitted by law. This is accomplished through budgeted transfers of General Fund resources.

All recurring calendar-year grants will be included in the proposed budget. Line-item budgets for grants that do not operate on a calendar-year basis are recorded upon receipt of the grant award and therefore are not included in the Budget Detail section of the Annual Operating Budget; however, summaries of the larger of these programs will be provided in the Special Revenue Fund section.

## **Debt Issuance and Cash Management**

### *Debt Management*

The City-Parish may issue short-term debt to cover temporary or emergency cash flow shortages or to provide necessary financial resources to comply with the Plan of Government requirements as to the ability to appropriate funds. All short-term borrowing will be subject to the approval of the Mayor-President and the Metropolitan Council.

The City-Parish will use interfund loans if cash is available rather than outside debt instruments to meet short-term cash flow needs. A single consolidated bank account has been established at 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 among 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 East Baton Rouge Sewerage Commission bonds, and city and parish sales tax revenue bonds, as required by bond indentures for various bond issues.

The City-Parish will confine long-term borrowing for capital improvements that cannot be funded from current revenues. Proceeds of long-term debt will not be used for current on-going



operations. The term of the bonds shall not exceed the expected useful life of the project. The City-Parish will establish an appropriate mix of bonded debt and pay-as-you-go financing for capital projects.

The City-Parish will adhere to all legal and statutory limitations relative to debt issuance. The City of Baton Rouge, Parish of East Baton Rouge, and a variety of special districts created in the parish have the authority to incur debt and issue bonds in accordance with a number of provisions found in the Louisiana Constitution and Louisiana Revised Statutes. The City-Parish will obtain approval from the State Bond Commission prior to the issuance of any type of long-term debt, as required by state law. The City-Parish will issue general obligation bonds only when authorized by a majority of all qualified voters voting on a proposition to issue general obligation bonds.

The sales and use tax revenue is the strongest credit source of the City-Parish and has been the preferred pledge for bonds issued in recent years. Recent issues relying on this tax include certain refunding bonds, airport improvement bonds (several intergovernmental agreements with the Baton Rouge Metropolitan Airport pledge airport revenues as repayment for the city sales tax), landfill bonds, and public building bonds using the 2% city sales tax, public building bonds using the 2% parish sales tax, road improvement bonds that have a portion of the ½ of 1% tax dedicated exclusively for transportation improvements, and sewer bonds that have a ½ of 1% tax dedicated exclusively for sewer purposes. State law requires that annual sales tax revenues dedicated to the payment of sales tax revenue bond debt service be at least 133% of the highest year's debt service on sewer and transportation bonds and 250% on bonds supported by the 2% general fund tax. The issuance of additional sales tax revenue bonds supported by existing sales and use taxes does not require further voter approval.

The City-Parish Finance Department will review outstanding debt periodically to determine the feasibility of refunding all or a portion of particular issues.

City-Parish employees will participate substantially in the bond issuance and refunding processes with the assistance of learned individuals who serve as financial advisors and bond counsel in order to make the most efficient use of resources by timing and sizing deliveries in a manner designed to minimize borrowing costs.

### *Debt Level and Capacity*

The City-Parish will adhere to all legal or statutory limitations on debt level and capacity. Prior to the issuance of debt, an evaluation of debt capacity will be conducted based on current financial capacity, projected future capacity, statutory and constitutional limitations, and bond covenants. The Debt Service Funds section of the budget contains calculations of debt capacity for various types of debt. In general, each entity may issue general obligation bonds in an amount up to 10% of its assessed valuation on taxable property for each purpose

enumerated in the law. However, a municipality may issue debt in excess of this general limitation if the aggregate for all such purposes, determined at the time of issuance, does not exceed 35%. Special laws increase the general limitation to 15% for sewerage purposes in the parish.

### *Investment Policy*

The investment policies are governed by state statutes and bond covenants. The investment policy will be reviewed periodically, and all amendments will be submitted by the Council Administrator/Treasurer to the Metropolitan Council for review and adoption. The last amendments were approved by the Council on October 11, 2000.

### **Revenue Diversification**

The City-Parish will strive to improve its revenue diversity to the extent feasible in order to improve its ability to handle fluctuations in revenues and potentially help to better distribute the cost of providing services.

### **Revenue Review**

The City-Parish reviews each revenue annually in regards to factors relevant to past, present, and projected future collections. The results of this review are included in a revenue manual entitled *Revenue Facts*, which will be made available to all interested parties, and shall be used in the preparation of revenue estimates for future operating budgets. The manual includes a brief description of the revenue source; a statute section providing authorization and any limitations; identification of any dedication of the revenue, whether by legislation or other means; collection methodology and any collection issues; definition of the revenue base and tax or rate structure; accounting information, such as account and fund numbers; historical information such as legislative history, impact of other laws, rate changes, exemptions, etc.; historical revenue levels (collections for the last four years), along with graphic presentations of trends; equity impacts on taxpayers or ratepayers; and the effect of changes in economic circumstances or other external factors.

### **Use of One-Time Revenues**

The City-Parish will limit the use of one-time revenues which cannot be relied on in future budget periods to non-recurring expenditures in order to minimize disruptive effects on services due to non-recurrence of these sources. One-time revenues may include, but are not limited to, legal settlements, bond refunding savings, the sale of government buildings, non-recurring grants, etc. Prior to 2006, gaming revenues were considered to be non-recurring; however, these revenues have been a stable source of revenue since October 1994. In the 2015 budget, all anticipated gaming revenues are being used as a source of funds for recurring operational needs. Acceptable uses of non-recurring funds include infrastructure improvements, capital acquisitions, startup costs, early debt retirement, and other expenditures of a non-recurring nature.



### Use of Unpredictable Revenues

The City-Parish will identify major revenue sources it considers unpredictable and limit the use of these revenues to non-recurring expenditures or establish a contingency reserve to guard against the disruption of services in current and future budget periods. For example, due to the fluctuation in state-shared revenues generated through the Parish Transportation Fund, a fund balance equal to at least 15% of current appropriations will be maintained at all times in that fund. If at any time during the year a reduction in state revenues is deemed to be probable, a contingency reserve will be established. Revenues from the sales and use tax, which is the largest income producer, will continue to be estimated in a conservative manner utilizing trend data, statistical analysis, and the recommendations of local economists.

### Review of Fees and Charges

The City-Parish will establish fees and charges to cover the costs of services provided. All fees imposed by the City-Parish will be approved by the Administration and established by the Metropolitan Council by ordinance, and will not be in conflict with state law. Costs of services include direct and indirect costs such as operating and maintenance costs, overhead, and charges for use of capital (depreciation and debt service). All fees and charges will be reviewed periodically to determine the level of cost recovery for services and the reason for any subsidy. Reasons for not recovering full costs will be identified and explained.

### Expenditure Policies

The City-Parish will maintain a level of expenditures that will provide for the well-being and safety of the residents of the community within available resources. All expenditures made shall be for a public purpose, and no expenditures will be made which are prohibited by administrative directives, local ordinances, or federal and state statutes. City-Parish departments and agencies will comply with the procedures included in the Purchasing Ordinance and Purchasing Manual in the procurement of goods and services.

### Balancing the Operating Budget

As discussed previously under the section entitled "The Process," the Mayor-President will submit a balanced operating budget to the Metropolitan Council, and the Metropolitan Council shall adopt a balanced operating budget in accordance with the budget calendar each year. A "balanced budget" is defined as one in which total appropriations do not exceed total anticipated sources, taking into account the estimated surplus or deficit at the end of the previous fiscal year. The City-Parish shall maintain a balance between operating expenditures and operating revenues over the long term. If extenuating circumstances result in a deviation from a balanced budget, the details will be disclosed in the Mayor-President's Budget Message.

The calculation of operating revenues will exclude non-recurring or unstable collections. Recurring subsidies from other funds, in which the expenditure is built into the base operating budget for the fund providing the source, will be considered as operating revenues. Operating expenditures will include personal services, supplies, contractual services, transfers out, and capital maintenance replacement programs. These items will be excluded if they pertain to a special project of a non-recurring nature and are identified as such. The City-Parish will avoid budgetary and accounting procedures that balance the current budget at the expense of future budgets. The budget will remain balanced throughout the year.

The Finance Department will conduct periodic forecasts of revenues and expenditures and report the results to the Mayor-President. If at any time the Mayor-President determines that there will not be sufficient funds to meet appropriations, it shall be his duty to revise the budget to forestall the incurring of a deficit, as discussed under the "Legal Requirements" section. The Finance Department will annually update and review long-range financial plans and projections. The information obtained from these plans and projections will be used in determining the resource and expenditure options available for the budget period and the implications of those options.

### Contingency Planning

The Insurance Reserve Account was established as a general fund reservation (or designation) by the City-Parish in 1972. The City-Parish will maintain a managerial fund entitled "Insurance Reserve" as part of committed General Fund-Fund Balance for the purpose of minimizing the financial impact of potential costs that cannot be covered by the City-Parish's risk management program annual budget. The managerial fund will be increased by any balance remaining in the General Fund-Risk Management operating budget at each year-end. The City-Parish shall seek restitution from companies and individuals when negligence results in the unexpected use of funding in accordance with applicable laws.

The committed insurance reserve account may be used as a source for any risk purposes, including costs associated with purchased insurance or self-insurance programs. The account can also be used for major costs associated with disaster and other events which may not be reimbursable from insurance or federal or state government sources.

### Stabilization of Funds

The City-Parish will hereby maintain a "Budget Stabilization" account as part of committed General Fund-Fund Balance, in order to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or extraordinary expenditure increases.

The Metropolitan Council and the Administration have committed to maintain the budget stabilization account in an



amount equal to at least five percent and not greater than ten percent of the following year's general fund appropriations. The budget stabilization commitment for the year ending December 31, 2014 is projected to be \$15.3 million.

The budget stabilization account shall be calculated annually by the Finance Department and included in the Comprehensive Annual Financial Report as committed fund balance. The stabilization account may be used with Metropolitan Council approval to balance the current year general fund budget or immediate subsequent year budget when projected current year tax revenue falls below the budgeted growth rate by more than one percent, or in the event the government faces an unanticipated extraordinary expenditure increase that cannot be rectified in a single budget year. The stabilization account shall not be used for revenue shortfalls or expenditure increases deemed permanent, but rather allows the government time to transition without undue disruption to governmental services.

When the budget stabilization account falls below the minimum five percent level, the Mayor-President shall present the Metropolitan Council with a plan to restore the minimum level with a goal of 36 months after the year of use.

### **Assignment of Fund Balances Policy**

Implementation of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was adopted for the 2011 fiscal year. This standard provides for the assignment of General Fund-Fund Balances by the Administration in anticipation of needs for specific purposes. Assigned fund balances may be made by the Finance Director in the Comprehensive Annual Financial Report. The assignment of fund balance indicates tentative future spending plans, which may be changed and are subject to subsequent authorization by the Metropolitan Council before expenditures can be made. Assigned fund balances are made for specific indicated purposes included in the title and require a Council appropriation in subsequent years.

### **Capital Improvement Budgets**

The City-Parish will make all capital improvements in accordance with capital improvement budgets approved by the Mayor-President and the Metropolitan Council. Proposed funding mechanisms will be in place prior to the authorization of any contract associated with a proposed capital improvement project. Capital improvements financed through the issuance of bonds will be financed for a period not to exceed the useful life of the project. The City-Parish will seek intergovernmental assistance to finance capital improvements. The City-Parish will present a spending plan for capital projects whose proposed financing requires a vote of the people prior to such vote. All interest earned on capital improvement financing will be utilized for the project or purpose for which the original financing was intended. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts. FUTUREBR is an update of East Baton Rouge

Parish's comprehensive master plan for land use and development; it will guide future policy decisions that will shape the growth in the City and the Parish over the next 20 years.

### **Reporting Entity**

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The City-Parish reporting entity includes various departments and other organizational units governed by the Mayor-President and members of the Metropolitan Council. The criteria of evaluation used are those established by the Governmental Accounting Standards Board (GASB), which defines the City-Parish government's reporting entity. The criteria deal with the legal status of the unit, appointment of a majority of board members, fiscal interdependency, imposition of will, and the financial benefit/burden relationship between the City-Parish and the component unit. The primary government includes the City-Parish (all departments and agencies under the auspices of the Mayor-President and the Metropolitan Council) as the oversight unit, and one blended component unit, the Employees' Retirement System.

Along with the primary government, the following discrete component units are included in accordance with *Section 2100 of the 2011 GASB Codification of Governmental Accounting and Financial Reporting Standards*: Capital Area Transit System (CATS), East Baton Rouge Parish Redevelopment Authority, East Baton Rouge Parish Clerk of Court, District Attorney of the Nineteenth Judicial District, Nineteenth Judicial District Court, Nineteenth Judicial District Court Building Commission, East Baton Rouge Parish Family Court, East Baton Rouge Parish Juvenile Court, Cyntreniks Group/King Hotel Special Taxing District, and Bluebonnet Convention Hotel Taxing District.

The City-Parish is required to prepare financial statements that consider all units within the reporting entity. The City-Parish budget establishes appropriations for operations of the primary government, which in some cases includes significant financial benefit to the component units; however, the City-Parish does not exercise budgetary control over the component units except on funds appropriated by the Metropolitan Council.

### **Legal Requirements**

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#### **Budget Amendments**

Legal requirements applicable to budget amendments are set forth in the Plan of Government and in certain local ordinances. Section 8.17 of the Plan of Government gives the Mayor-President the authority to authorize the transfer of any unencumbered balance of an appropriation, or portion thereof, to supplement another appropriation made in the same budget to the same department, office or agency. At the request of the Mayor-President, the Council may by resolution transfer any unencumbered balance of an appropriation, or portion thereof, to supplement an appropriation made in the same budget to another department, office, or agency.



Appropriations in addition to those contained in the current expense budget may be made only on the recommendation of the Mayor-President and only if the Finance Director certifies that sufficient funds are available in accordance with the best recognized practices in governmental accounting to meet such appropriation. If funding is available, a budget supplement, which must be signed by the Mayor-President, Finance Director, and Council Budget Officer, is submitted to the Metropolitan Council for approval. By ordinance, appropriations from reserve funds shall be made only on an affirmative vote of two-thirds of the entire membership of the Council. Departmental requests for changes in the current pay plan or personnel allotment must also be approved by means of a budget supplement, which requires formal Council approval.

**Work Programs/Budget Allotments**

After the current expense budget has been adopted and before the beginning of the fiscal year, the head of each department, office, or agency to which any appropriation is made must submit to the Mayor-President a work program. The Mayor-President may implement a quarterly or monthly appropriations allotment system so as to control cash resources as necessary. If the Mayor-President at any time ascertains that there will not be sufficient funds to meet total appropriations, it is his duty to revise appropriations to forestall the incurring of a deficit. *(Amended Plan of Government provisions of October 20, 2007)*

**Revenue Assumptions**

**Overview**

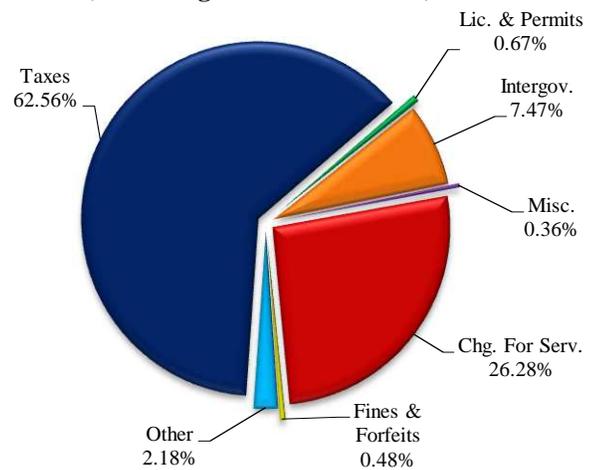
Total sources, excluding the Pension Trust Fund, transfers, and internal charges, reflect an overall increase for 2015 of 1.35% as compared to the 2014 adjusted budget, primarily in the Taxes category. Following is a general overview of revenues, along with detailed discussions for the more significant items.

After an increase in the years immediately following Hurricane Katrina, the sales and use tax, the major revenue source of the City-Parish, declined from 2008 through 2010. Beginning in 2011, modest growth has been realized. Through August 31, 2014, sales and use tax collections are up by 2.55% as compared to 2013. In response to this trend, in 2015 we are projecting an increase in sales and use tax of \$6.6 million. An increase of \$2.1 million is budgeted for gross receipts taxes based on a 2% growth rate of taxes levied on utility companies. Property taxes are expected to increase \$3.2 million based on a 1.6% average growth rate in the assessed valuation of property. The decrease in Other Financing Sources is a result of bond proceeds received in 2014 for the construction of a new fire station in the amount of \$2.4 million and the decrease in estimated sales of equipment in the fleet and equipment program in the amount of \$2.1 million.

A comparison of 2014 and 2015 total sources of funds is as follows:

	2014		2015		%
	Budget	%	Budget	%	Inc./Dec.
Taxes	408,981,760	61.61%	420,899,020	62.56%	2.91%
Licenses & Permits	4,041,400	0.61%	4,485,800	0.67%	11.00%
Intergovernmental	50,080,985	7.55%	50,273,795	7.47%	0.38%
Charges for Services	176,482,290	26.59%	176,838,630	26.28%	0.20%
Fines & Forfeits	3,216,000	0.48%	3,188,000	0.48%	-0.87%
Miscellaneous	3,212,850	0.48%	2,441,450	0.36%	-24.01%
Other Fin. Sources	17,819,780	2.68%	14,680,310	2.18%	-17.62%
<b>Total Sources</b>	<b>\$663,835,065</b>	<b>100.00%</b>	<b>\$672,807,005</b>	<b>100.00%</b>	<b>1.35%</b>

**2015 Sources of Funds  
(Excluding Internal Transfers)**



**Figure 1**

**Taxes**

The taxes revenue category includes sales and use, property, gross receipts business, Programming Access (PEG) Fees, occupational license, insurance premium, gaming, and occupancy taxes. With the Pension Trust Fund, transfers, and internal charges between funds excluded, taxes account for 62.56% of total sources in the 2015 budget, as shown in Figure 1.

Taxes, along with their associated interest and penalties, are projected to generate \$420.9 million of the total \$672.8 million generated externally in the 2015 budget. Sales and use tax reflects reductions for potential enterprise zone sales tax rebates and approved tax increment financing districts.



A four-year history of tax revenues is as follows:

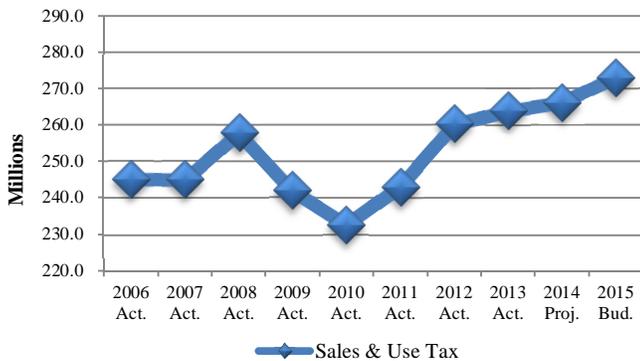
**History of Tax Collections**

	2010	2011	2012	2013
Sales & Use	\$230,063,940	\$242,055,730	\$259,921,990	\$263,193,630
Property	89,742,950	90,377,940	91,357,740	94,355,330
Gross Receipts	24,509,800	23,291,890	20,488,170	22,508,650
PEG Fees	0	41,720	328,940	584,360
Occupational Lic.	9,869,340	9,944,550	9,687,370	10,382,630
Insurance	3,590,220	3,580,230	3,588,790	3,774,090
Gaming	5,740,630	5,845,260	7,575,110	9,438,270
Occupancy	1,956,340	1,142,080	1,431,290	1,327,740
Interest & Penalty	1,911,960	2,034,620	2,124,040	3,739,130
<b>Total</b>	<b>\$367,385,180</b>	<b>\$378,314,020</b>	<b>\$396,503,440</b>	<b>\$409,303,830</b>

**Sales and Use Tax**

Gross sales and use tax revenues began to take a downward trend in 2008 through 2010. In 2011 this trend began a reversal that has continued into 2014. The City-Parish General Fund tax has increased by 2.55% when comparing year-to-date receipts through August 2014. Road tax collections, excluding the Baker, Zachary, and Central portions, increased by 1.83%, and sewer taxes increased by 2.19% for the first eight months of 2014. The major difference among these taxes is that the road and sewer taxes do not tax food for home consumption, prescription drugs, or medical devices.

**Gross Sales & Use Tax Revenue Trends**

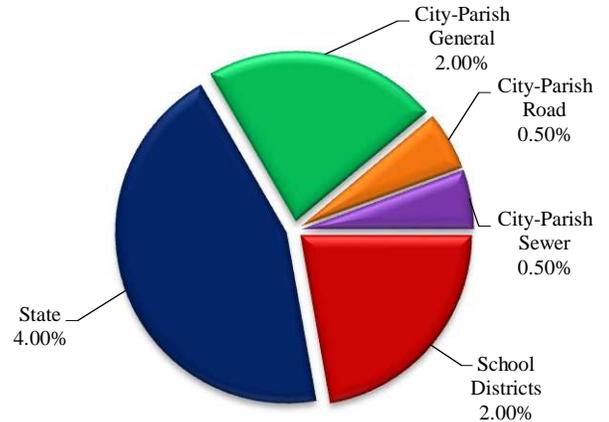


**Figure 2**

The 2015 gross sales tax revenue estimate, including audits, for all funds totals \$272.9 million. Factors considered in arriving at a sales tax growth rate include historical collection data from prior years, the judgment of local government officials relative to the performance of the local economy, and the opinion of economists at Louisiana State University. These economists, Drs. Loren Scott and James Richardson, prepare an econometric model for Louisiana and its major metropolitan areas each year. Statistics on personal income growth and employment growth are generated. From these numbers, a range of potential sales and use tax growth is estimated. The economists believe the City-Parish has reasonably projected sales and use tax collections for 2015. This budget assumes a 1.5% growth factor over 2014 forecasted collections.

The sales and use tax rate in the majority of East Baton Rouge Parish is presently 9% and is distributed as follows:

**Sales and Use Tax Distribution  
9% Total State and Local**



**Figure 3**

**Tax Increment Financing (TIF) Districts**

As of October 2014, there are five active TIF districts and one TIF district which is established, but remains inactive. The active districts are the Capitol House Economic Development District, the Cytreniks Group/King Hotel Special Taxing District, the Bluebonnet Convention Hotel Taxing District, the Lafayette-Main Economic Development District, and the Dawnadele Economic Development District. The one district that is in active is the River Park Development District. The total state and local sales tax rates collected in each district is 9%. Sales tax is due on all retail sales such as restaurant and gift shop sales, and on taxable services such as parking fees, laundry services, and hotel room rentals. In addition, a 4% occupancy tax is collected on the rental of hotel rooms in each district. In some districts, a separate district tax has also been authorized or considered. Of the taxes collected, with the exception of the Capitol House, the state sales tax is remitted to the State of Louisiana Department of Revenue and all other taxes are remitted to the City-Parish with varying amounts remitted or rebated back to the district as required by law. Details for each district are provided on page 507.

**Property Tax**

General property taxes are expected to continue the modest growth experienced in the last several years, as illustrated in Figure 4. The 2014 tax roll for East Baton Rouge Parish had an assessed valuation of \$4.5 billion. Of this amount, \$678.9 million represents the valuation of exempt homesteads. Louisiana homeowners are allowed a homestead exemption of \$7,500 of assessed valuation for state, parish, and special ad valorem taxes.

The 1974 Louisiana Constitution authorizes the governing authorities of municipalities and parishes to levy annually ad valorem taxes of 7 and 4 mills, respectively. These millages may



be adjusted upward or downward in reassessment years to prevent gains or losses in revenues due to reassessment. Property is reassessed every four years, with 2012 the most recent year of reassessment. In 2012 the Metropolitan Council elected to roll back the millage rates for the City and Parish to 6.22 and 3.44, respectively. The authorized maximum millage rates are 6.48 and 3.54 mills until the next reassessment in 2016. In addition, the 1921 Louisiana Constitution authorized municipalities with a population of 75,000 or more to levy a special tax not exceeding 1 mill for the purpose of providing a three-platoon police system. The 1974 Constitution provided that this authorization would continue. The maximum authorized millage through the 2016 reassessment is .94 mills. The Council also rolled this millage back to .90 mills. Total receipts for the General Fund are projected at \$26.5 million, with \$71.2 million estimated for Special Funds.

Property subject to taxation is assessed as a percentage of its fair market value. Residential properties and all land are assessed at 10%; other property and electric cooperative properties, excluding land, are assessed at 15%; and public service properties, excluding land, are assessed at 25% of fair market value. The overall assessed value is estimated to be 11% of actual market value.

The 2015 millages included in the City-Parish Annual Operating Budget, are those expected to be adopted by the Metropolitan Council on November 25, 2014.

Following are the current and proposed millages for East Baton Rouge Parish. The current column reflects the 2014 tax roll which became available in October 2014.

Taxing District	Current 2014 Millage	Proposed 2015 Millage
<b>Parish-Wide Millages:*</b>		
East Baton Rouge Parish (General Fund)**	3.440	3.440
Mosquito Abatement**	1.410	1.410
Emergency Medical Services**	3.130	3.130
Library Board of Control**	10.780	10.780
Recreational Taxes (BREC)	14.038	14.038
Law Enforcement-Sheriff	14.990	14.990
Assessor	1.340	1.340
<b>Special Taxing Districts:*</b>		
Consolidated Road Lighting District**	3.840	3.840
<b>Parish Fire Protection Districts:</b>		
District 1**	9.000	9.000
St. George	14.000	14.000
Brownsfield**	25.000	25.000
Central	15.000	15.000
East Side	22.500	22.500
District 6	40.000	40.000
Chaneyville**	20.000	20.000
Pride**	10.000	10.000
Alsen**	15.000	15.000
Downtown Development District**	10.000	10.000
Comite River Diversion Canal	2.520	2.520
Pontchartrain Levee District	3.470	3.470
Tax Commission Fee - Bank & Insurance	0.150	0.150
Tax Commission Fee - Utility	0.100	0.100
<b>Capital Area Transit System:*</b>		
Baton Rouge	10.600	10.600
Baker	10.600	10.600
<b>School Districts:</b>		
East Baton Rouge Parish School District	43.450	43.450
Baker School District	43.200	43.200
Zachary School District	79.200	79.200
Central School District	60.400	60.400
<b>City Millages:</b>		
City of Baton Rouge (General Fund)**	7.120	7.120
City of B. R. Fire Pay Enhancement Fund**	6.000	6.000
City of Baker	6.220	6.220
City of Zachary	3.170	3.170

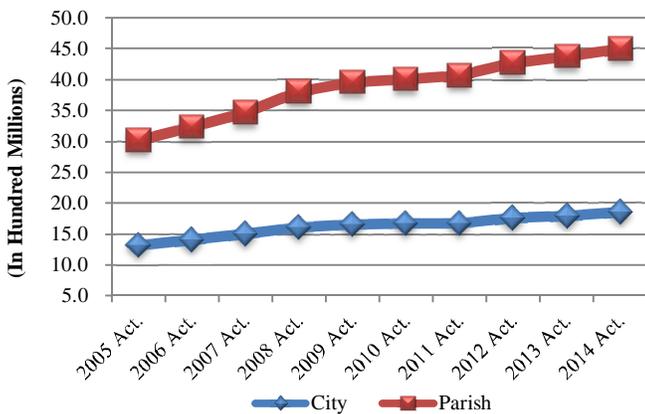
\* Homestead Exemption Applies  
 \*\* Included in the City-Parish Budget

**Gross Receipts Business Tax**

Utility companies inside the city limits of Baton Rouge pay a tax based on the gross receipts of their business. The one exception is for cable services, which are parish-wide. Most companies pay a 5% tax, but there are exceptions for those whose franchise agreement dictates a different rate. As of August 31, 2014, this revenue category showed an increase of 12.4% compared to the same period in 2013 largely due to increases in electricity and gas costs. In 2015, this revenue estimate assumes a 2% increase over the 2014 projection.

Total gross receipts business tax revenues are expected to be \$24.6 million and are accounted for in the General Fund.

**Assessed Valuation**



**Figure 4**



**Gaming Admissions Tax (Riverboats)**

Until the 2008 Legislative Session, state law authorized local government to collect \$2.50 per passenger from riverboat casinos. Now, East Baton Rouge Parish may continue to levy the per passenger fee or negotiate with the casinos for a percentage-based fee of up to 4.5% of net gaming proceeds. During 2008, the City-Parish was successful in negotiating changes in the fee structure paid by the riverboat gaming establishments. Beginning January 2009, two riverboats pay fees based upon a percentage as opposed to a flat fee of \$2.50 per admission. The contracts provide for a sliding scale ranging from 3.5% to 4.5% with a rollback provision to 2.0% should net gaming revenues decline significantly. In September 2012, a third riverboat began operating under a contract that provides for its fees to be calculated at 4.5% of net gaming revenues. The budget includes \$9 million as a source of funds for recurring operations, which remained the same as the 2014 Budget.

**Occupancy Tax**

Effective January 1, 1999, an additional 1% tax on the occupancy of hotel rooms, motel rooms, and overnight camping facilities was authorized in East Baton Rouge Parish. These proceeds are dedicated for capital improvements and the expansion of the Baton Rouge River Center (formerly the Riverside Centroplex). In 2015, \$1.2 million of these funds will be used to reimburse the City General Fund for a portion of the annual debt service incurred on \$18.2 million in debt issued for the expansion in 2001. Funding of the remainder of the debt service is discussed below under State Sales Tax Rebate.

**Intergovernmental**

Intergovernmental revenues include monies received from other governmental agencies such as federal and state offices. In some cases, these funds are dedicated to provide for the operation of a specific program such as Head Start, jobs training, and the Community Development programs, as well as for road and traffic signal maintenance on state roads. Other funds, such as Louisiana Revenue Sharing funds, are distributed with no constraints on their use.

**Parish Transportation**

The parish receives monies for road and bridge maintenance, road and bridge construction, and transit needs through the Parish Transportation Fund. The voters approved the creation of the state's Transportation Trust Fund, with a dedication of one cent per gallon, or approximately \$24 million per year, of fuel tax receipts for the Parish Transportation Fund. The state continues to exceed this minimum dedication, which is distributed to local governments throughout the state on a formula basis as provided for in the statutes. The 2014-2015 state appropriations bill provides \$43.4 million. The 2015 City-Parish budget anticipates the receipt of an estimated \$2.7 million.

**On-behalf Payments**

"On-behalf" payments for salaries and benefits are estimated at \$9.6 million. These represent payments from the State of Louisiana for supplemental pay for public safety employees, City Court judges, justices of the peace, ward constables, and employees of the Registrar of Voters' Office, as well as benefit payments to the Municipal Employees' Retirement System. In July 2007 the state increased the amount paid to public safety employees from \$3,600 to \$5,100 per year. In 2008, effective July 2009, the state increased this amount to \$6,000 per year.

**State Sales Tax Rebate**

The State of Louisiana rebates state sales taxes on hotel/motel rooms in East Baton Rouge Parish for various purposes. These purposes and the amounts appropriated by the state are explained below, along with their statutory reference.

The East Baton Rouge Parish Community Improvement Fund receives 2%, with half dedicated to urban mass transit and half dedicated to the Research Park Corporation. The 2014-2015 state appropriation is \$3,000,000. The transit portion is accounted for in an escrow account for the Capital Area Transit System (CATS). Prior to June 30, 1997, the Research Park Corporation was accounted for in the General Fund. Since July 1, 1997, these funds have been paid directly to the Research Park Corporation. – *LRS 47:302.29*

Debt service payments on the bonds mentioned in the Occupancy Tax section above are funded both by the Occupancy Tax and by a portion of the State Sales Tax Rebate. Total bond payments in 2015 are \$1.71 million, of which the first \$1.2 million will be provided by the Occupancy Tax and the balance by the Sales Tax Rebate, as discussed in the following paragraphs.

The Baton Rouge River Center (formerly known as the Riverside Centroplex) Fund receives .97% for capital improvements at the River Center, Louisiana Art and Science Museum (LASM), Riverfront Promenade, and related projects in the Riverfront Development Plan. The 2014-2015 state appropriation is \$1,500,000. A proposal to extend this tax indefinitely was approved by the Louisiana Legislature in 1999. A portion of this revenue has been dedicated for the LASM Planetarium/Space Theater. The City-Parish issued bonds to provide the \$3.4 million local match for state capital outlay monies authorized for the LASM project. The .97% tax rebate is used to reimburse the City General Fund for a portion of the annual debt service incurred on these bonds; the amount included in the General Fund budget for the 2015 repayment is \$310,310. – *LRS 47:332.2*

The East Baton Rouge Parish Enhancement Fund receives 1%, with \$100,000 dedicated to urban mass transit, \$100,000 dedicated to the Baton Rouge Sports Foundation, and the remainder for use by the Baton Rouge River Center. The 2014-2015 state appropriation is \$1,500,000. The transit portion is



placed in escrow for CATS, while the Sports Foundation portion is remitted directly to that organization. The River Center portion is dedicated for expansion of that facility and will be used to reimburse the City General Fund for a portion of the annual debt service incurred on \$18.2 million of its 2001 bond issue as amended by the 2010B refunding. The General Fund budget includes \$83,210 for the 2015 repayment from this source. – LRS 47:322.9. This state rebate also finances the debt service for a loan from the LCDA for River Center Phase II expansion and Riverfront Master Plan Projects. The Baton Rouge River Center Capital Improvement Fund includes \$1,472,660 for this purpose which is budgeted as a non-operating revenue.

Intergovernmental revenues are expected to generate \$50.3 million in the 2015 budget, up from \$50.1 million in 2014.

**Charges for Services**

**Fiscal Management Fees**

A majority of the grant programs and the special funds are charged Fiscal Management Fees, also referred to as Indirect Cost. These grant programs and special funds are assessed these fees to recover the costs associated with various services provided to them by General Fund departments. In 2015, Fiscal Management Fees are expected to total \$8.0 million and are accounted for in the General Fund.

**Traffic Safety Fees**

In October of 2014, the Metropolitan Council approved an item authorizing the Mayor-President to negotiate a new contract with the company currently administering the Red Light Photo Enforcement Program. The 2015 budget reflects an decrease of \$500,000 as compared to 2014.

**Sewer User Fee**

The sewer user fee, first enacted in 1985, is estimated to produce \$76.9 million in 2015. This fee, along with a ½% sales tax estimated to generate \$43.6 million in 2015, provides for capital improvements and the operation and maintenance of the comprehensive sewerage system. The user fee is based upon the amount of wastewater discharged by a residence or business. In August of 1999, the Metropolitan Council authorized a 95% increase in sewer user fees with a three-year implementation plan. In 2002 the Council approved funding for the SSO program which is discussed both in the Budget Message and the Capital Improvement Program section. This plan authorized an additional increase of 10% in the sewer user fee effective January 1, 2003, and a 4% increase each year thereafter.

**Solid Waste User Fee**

This revenue is derived from the residential solid waste fee that went into effect in January 1991. In 1997 the fee increased from \$5.65 to \$8.40; in 2006 the fee was increased to \$12.00 from \$8.40; and in 2007 the fee increased by \$3.50 to \$15.50. The

2015 budget proposes no increase in the residential fee which has been set at \$19.00 per household per month since 2008. In addition to the user fee, another \$75,000 from the City General Fund will be provided to support a subsidy to low-income households. As shown below, the monthly cost of providing residential solid waste services exceeds the fee. Reserves resulting from fees collected in prior years will fund the difference. The solid waste collection contract was rebid in 2005, and a new contract was awarded for the ten-year period beginning September 3, 2005. Total revenues from solid waste user fees are expected to be \$30.73 million in the year 2015 and are accounted for in a separate Enterprise Fund (Solid Waste Collection Fund). Below is a breakdown of the monthly cost of residential solid waste services:

	2014 <u>Budget</u>	2015 <u>Budget</u>
Garbage Collection	\$8.14	\$7.94
Trash Collection	5.46	5.32
Recycling	1.86	1.86
Disposal	3.50	3.34
Administrative/Other	0.92	0.93
Cart Expenses	0.25	0.36
Total Monthly Costs	<u>\$20.13</u>	<u>\$19.75</u>

The decrease in the monthly cost for 2015 is due to the actual CPI adjustment being lower than anticipated during preparation of the 2014 budget.

**Miscellaneous**

**Airport Obligations Payable  
(Terminal Development Program)**

In 1997, the City of Baton Rouge issued bonds, of which \$14.9 million were used for the airport terminal development program. The airport signed two promissory notes to the General Fund. The first note in the amount of \$7.3 million was pledged from the airport rates and charges. The final payment on this note was made in 2005. The second note in the amount of \$7.6 million was pledged from passenger facility charges (PFC). In 2001, the City issued additional bonds, a portion of which were used by the airport to refinance the remaining balance of its PFC note. The airport signed an amended agreement, obligating passenger facility charges over a 20-year period. Payments to the city totaling \$422,990 are included in the 2015 budget relative to this terminal-development debt.

**Fund Balance**

Fund balance is defined as the difference between the assets and liabilities of a governmental fund. In the General Fund, fund balance has historically been used as a funding source for a small portion of recurring operations and varying amounts for non-recurring projects. The 2015 General Fund budget includes the use of \$7.5 million from fund balance. This includes \$6.39 million from unassigned fund balance, \$203,300 of fund balance assigned to City Court and \$900,000 of fund balance committed for the Insurance Reserve Fund. Details for the use of the \$7.5



million in fund balance are provided on page 57. The total unassigned fund balance used represents about 2.1% of General Fund sources.

The use of fund balance as a source of financing current operations has been both recurring and planned in recent years. Conservative revenue estimates generate a fund balance, which allows the government to spend monies after it is assured of their collection. This philosophy of money management creates a situation that should prevent the need for drastic budgetary adjustments that could result in the severe curtailment of vital services or undue uncertainty and hardship in the workplace.

The Civil Juror Compensation Fund, the Animal Control and Rescue Center, and Emergency Medical Services will utilize their respective fund balances by more than ten percent. While the Civil Juror Compensation Fund and a small portion of the Animal Control and Rescue center will fund recurring operations, all of Emergency Medical Services and the majority of Animal Control and Rescue Center will be utilized for capital needs. Debt Service Funds that reflect a change by ten percent or more is due to the changes in the reserve and/or sinking fund requirements.

Additionally, the Baton Rouge Fire Pay Enhancement Fund and Consolidated Road Lighting District Fund are utilizing fund balance to finance a small portion of recurring operations.

**Revenue Facts Sheets**

The above revenue assumptions relate to the major sources of funds included in the Annual Operating Budget. For a more in-depth analysis of the City-Parish revenue structure, the Finance Department-Budgeting Division produces a manual entitled *Revenue Facts*. This manual provides a four-year history of all recurring revenues, complete with a summary of legal authorizations, collection and distribution procedures, restrictions and/or limitations, and method of computing the revenues. This document provides a valuable resource in estimating the revenues included in the annual budget.

**Appropriation Assumptions**

**Personal Services**

The General Fund provides funding for salaries as follows:

Base Pay	\$110,396,900	74.66%
Base Longevity	8,490,280	5.74%
Merit Increases	1,786,070	1.21%
Longevity Increases	300,900	0.20%
Salaries of Other Govt.	9,369,630	6.34%
Severance Pay	1,096,400	0.74%
2% Fire Longevity	651,410	0.44%
Shift Differential	686,250	0.46%
On-Behalf Payments	8,358,800	5.65%
Overtime	8,393,380	5.68%
Contract Employees	1,378,400	0.93%
Temporary Employees	963,310	0.65%
Other Allowances	1,242,160	0.84%
Salary Savings	(5,751,740)	-3.89%
Workers' Comp. Salaries	334,070	0.23%
Substitute Appointments	173,840	0.12%
<b>Total</b>	<b>\$147,870,060</b>	<b>100.00%</b>

Appropriations included in Special Funds for salaries are composed of the following:

Base Pay	\$56,712,280	81.93%
Base Longevity	3,593,020	5.19%
Merit Increases	1,222,150	1.77%
Longevity Increases	158,540	0.23%
Salaries of Other Govt.	208,430	0.30%
Severance Pay	380,910	0.55%
2% Fire Longevity	213,680	0.31%
Shift Differential	203,330	0.29%
On-Behalf Payments	198,600	0.29%
Overtime	4,772,920	6.90%
Contract Employees	1,731,010	2.50%
Temporary Employees	564,000	0.81%
Other Allowances	310,060	0.45%
Salary Savings	(1,835,650)	-2.65%
Compensated Absences	90,750	0.13%
Workers' Comp. Salaries	664,990	0.96%
Substitute Appointments	29,710	0.04%
<b>Total</b>	<b>\$69,218,730</b>	<b>100.00%</b>
<b>Grand Total</b>	<b>\$217,088,790</b>	
<b>% Change from 2014 Budget</b>	<b>0.80%</b>	



The average salary of a City-Parish employee is as follows:

	<b>Regular</b>	<b>Police</b>	<b>Fire</b>
Base Pay	\$36,250	\$42,770	\$44,840
Base Longevity	2,410	3,570	4,330
Merit Increase	750	560	600
State Longevity	0	0	1,420
On-Behalf Payments	220	5,020	5,610
Shift Differential	100	770	0
Other	20	40	200
Overtime	1,740	6,900	4,190
Allowances	270	710	270
<b>Total</b>	<b>\$41,760</b>	<b>\$60,340</b>	<b>\$61,460</b>
<b>% Inc. from 2014 Budget</b>	<b>0.41%</b>	<b>0.10%</b>	<b>0.97%</b>

In 2015, the average salary calculations above include normal merit and longevity increases. The 0.97% increase to Municipal Fire employees in 2015 is due to fewer retirements and state-mandated 2% longevity increases. As a result, having an increased number of senior employees increased their average salary.

Most departmental budgets with personal services contain a section entitled "Personnel Summary," which reflects the types and numbers of employees proposed for that entity. The first column of the summary shows the job code for each position. Job codes beginning with the numeral "1" refer to "classified" City-Parish employees below the rank of department heads, and job codes beginning with a "2" refer to "classified" department heads. Job codes beginning with a "3" refer to "unclassified" City-Parish employees, a "4" to contract employees, and a "5" to elected officials. Following each job code is the pay grade number assigned to that position, the title, and the number of employees in that position authorized for the department. The approved personnel allotment constitutes the maximum employment levels for each classification within that department or agency. Amendments to the allotment and pay plan can be made only when authorized by the Metropolitan Council.

For non-Municipal Fire and Police Civil Service positions, pay grades in the 1000 series are for non-exempt general employees who are covered by the minimum wage and overtime pay provisions of the Fair Labor Standards Act (FLSA); those in the 2000's denote positions that are exempt from the Act (executive, administrative, and professional as defined by 29 CFR Part 541). Pay grades in the 3000 series are for positions in the Municipal Police Service, and those in the 7000 series for the Municipal Fire Service. Pay grades in the 8000 series are reserved for elected officials. The middle two digits of the pay-grade number determine the salary range, and the fourth digit indicates the number of hours worked per year.

Each pay grade in the pay plan contains 12 steps (Fire contains 14 steps), with a salary differential between steps of approximately 3%. A detailed pay chart can be found in the Statistical Section of this Budget. In budgeting an amount for

salary for each employee, it is assumed that the employee will receive a step or merit increase, not to exceed the maximum steps in the pay grade, on his or her "merit date," and the applicable increase is included in that employee's salary from that point in the year forward. Additional amounts are also budgeted for longevity pay for workers who have been employed by the City-Parish for at least 10 years. Longevity pay is calculated at 5% for employees with at least 10 years of service, increasing by 1% per year thereafter up to a maximum of 20% for 25 years of service.

City-Parish employees earn vacation and sick leave in varying amounts according to years of continuous service as follows:

<u>Years of Service</u>	<u>Leave for Each</u>
Less than 3	12 days/year
3-4	15 days/year
5-9	18 days/year
10-14	21 days/year
15 & Over	24 days/year

Special calculations are necessary for employees who work 42-hour weeks and for municipal fire personnel.

Unused vacation time accumulates for up to 5 years, and unused sick leave accumulates indefinitely. Both types of leave are payable within certain limits at the death or retirement of the employee: depending on amounts of leave traded in for retirement credit, these separate payments may be made for by the City-Parish or the City-Parish Employees' Retirement System (CPERS); vacation is also payable on resignation or discharge and is charged to the budget of the department from which the employee separates.

**Employee Benefits**

Employee benefits are shown in a separate object level. Amounts for health, dental, and life insurance; retirement; and Social Security/Medicare for each department are appropriated in that department's budget under the heading Employee Benefits. Workers' compensation is allocated between personal services and employee benefits to facilitate the tracking of leave balances for employees on workers' compensation. The Employee Benefits section continues to include all medical claim payments. Only the major departmental budgets include appropriations for workers' compensation.

Through 2002, health and dental benefits for retirees were budgeted in the General Fund-Risk Management Budget. Beginning with the 2003 budget, the cost of this post-employment benefit, expected to total \$21.7 million in 2015, is distributed out to all departments and agencies.

Employee benefits are 48.9% of personal services in the overall City-Parish budget. The percentage has risen steadily over the years. In 2014, the Board of Trustees of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton approved an employer contribution rate of 28.10% of



payroll for 2015 based on the experience and liabilities of the system. In addition, the General Fund budget includes debt service payments associated with the transfer of the majority of Police personnel to the MPERS system in 2000. Each year, an allocation model is utilized to calculate the required contribution rate for all employers in the system that includes not only the liabilities of the system, but also the liability associated with the required debt payment for the MPERS obligation. This allocation is necessary so that the other employers who enjoyed a substantial decrease in liabilities as a result of the transfer pay a pro-rata share of the debt which is paid 100% from the General Fund.

For 2015, to accomplish a charge to all funds equal to the CPERS certified contribution rate of 28.10%, the General Fund rate will be assessed at 25.81%, and the rate assessed for all others will be 30.57% of eligible payroll. Once the annual debt service payment made by the General Fund is added to the employer contributions made by the General Fund, the rate paid by all employers is effectively the same. The employee's contribution rate for CPERS is 50% of the employer's rate but not more than 9.5%; therefore the employee rate will remain at 9.5% for 2015.

The employer's contribution rate for employees who joined MPERS will be 31.50% of payroll through June 30, 2015. The 2015 budget assumes that the rate will remain at 31.50% on July 1, 2015. The MPERS employee contribution rate will be 10%.

MPERS Rate History

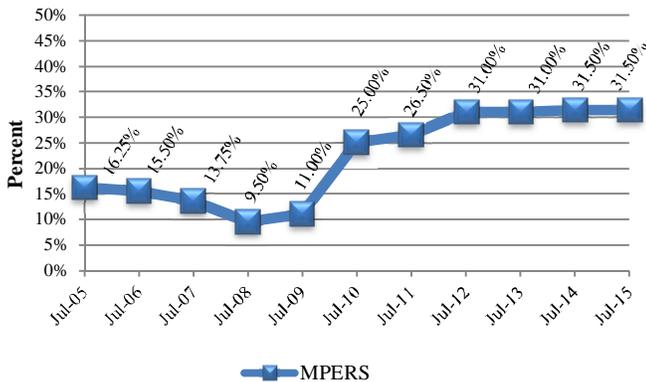


Figure 5

Upon the recommendation of the Employee Benefits Committee, the Metropolitan Council approved a five-year contract with the option of (2) one-year extensions with Blue Cross/Blue Shield to continue to serve as plan administrator of the City's self-insured medical program beginning in 2015. Blue Cross/Blue Shield will continue to administer an HMO plan, a POS plan, and a High Deductible Health Plan (HDHP) for employees in 2015. The HDHP offers a significantly lower premium option for employees. In 2015, employee premiums for the POS, HMO and HDHP plans will not increase from the 2014 rates. The HMO and POS plans will continue to include a \$500 per person deductible, limited to \$1,500 per family. The out-of-pocket maximums for the HDHP will remain at \$2,000 single and

\$4,000 all others. In addition, there will be no changes to the prescription drug portion of the plan. There is no deductible on generic prescriptions and a \$250 deductible for brand name drugs. The employer premium remains the same regardless of the plan chosen by the participants.

Health Plan Expense History

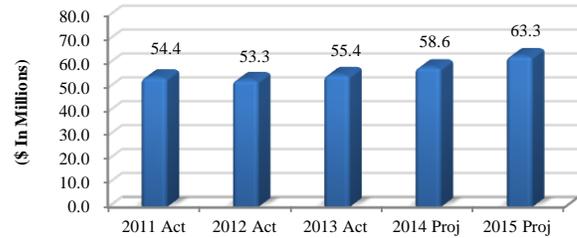


Figure 6

In 2003 Medicare-eligible retirees were given a 50% credit toward their monthly Medicare Part B premium. In 2004 this credit was increased to 75%, and in 2005 100% credit was granted. In 2011, the credit was frozen at the 2010 standard Medicare Part B premium subject to a monthly minimum equal to the administrative fee. For employees hired after January 2003, vesting for retiree insurance coverage is based on "total years of service" rather than the previous "continuous years of participation in the plan." This allows an employee to opt out of the plan while employed and still accumulate vesting rights for retiree coverage.

Total Years of Service	Vested Percentage
Less than 10	25% of the Employer Portion
10-14	50% of the Employer Portion
15-19	75% of the Employer Portion
20 & Over	100% of the Employer Portion

Beginning in 2010, employees had the opportunity to contribute to a Flexible Spending Account (FSA). FSA's are pre-tax spending accounts to which employees contribute via payroll deduction. Account balances at year-end are forfeited by the employee and are maintained by the employer in accordance with federal law. Two types of FSA's are offered, a Medical Flexible Spending Account (MFSA) and a Dependent Care Spending Account (DCSA). These options are available under the City-Parish's flexible benefit plan and are a qualified benefit under Section 125 of the IRS Code. The MFSA deduction is limited to \$1,250 for single coverage and \$2,500 if married filing jointly.

Beginning in 2010 employees electing the HDHP insurance plan were given an option to have a Health Savings Account (HSA) for medical expenses that are defined in Section 213(d) of the IRS Code. Like the FSA, the HSA is a pre-tax spending account to which employees contribute via payroll deduction. It is important to note that, unlike the FSA, any contributions unspent at year-end will roll from one year to the next and are portable.



The City-Parish moved from a self-insured dental insurance program to a fully-insured program in 2007. Starmount Life Insurance Company is the provider for the program and offers a two-tier plan. Employees may choose the basic Silver Plan, with a lower premium, or the more comprehensive Platinum Plan. Cost-sharing will continue at the current levels with the employer paying 52% of the premium and the employee paying the remaining 48%. There will be no plan design or rate changes in 2015.

Effective January 2007, life insurance benefits available to elected and non-elected employees are \$50,000 and \$25,000 respectively. In addition, ancillary benefits such as on/off job accident, cancer, critical illness, term life, universal life, short-term disability and vision are available to employees on a voluntary basis.

**Supplies**

In 2002 the capitalization threshold for movable capital assets was increased from \$1,000 to \$5,000, thereby reclassifying all items with a unit cost between those amounts from Capital Outlay to Supplies. Amounts in the Budget Detail section reflect this classification scheme.

**Fuel**

The amount budgeted for Fuel is still the largest line-item under the Supplies category, representing 22.6% of the total Supplies budget. Proposed fuel rates for 2015 are as follows:

	2015	2014
	Budget	Budget
Gasoline:		
-Regular Unleaded	3.3575	3.3646
-Unleaded Plus	3.5091	3.4692
-Unleaded Premium	3.7747	3.6369
Highway Diesel	3.7074	3.6588
Non-Highway Diesel	3.5074	3.4588
Compressed Natural Gas:		
-Non-DPW sites	2.5310	2.5310
-DPW sites	2.5310	2.5310

The Department of Public Works entered into a contract for fuel dispensing services with FUELTRAC, Inc. from 2007 through April 2014. It was renewed for an additional two years beginning November 1, 2014 with an annual option for renewal not to exceed five years. Markups included in the pricing above are 2.77 cents per gallon at DPW sites, approximately 14.9 cents at commercial sites for fuel, and 24.5 cents for diesel. The markup at unattended sites has been removed for 2015. Prices also include 17.5 cents per gallon for Central Garage.

**Contractual Services**

**Solid Waste Collection Contract**

The solid waste collection contract with Allied Waste began September 3, 2005, for a ten-year period. The contract provided for a rate change beginning in the second year according to a

calculation involving changes in the Consumer Price Index (CPI) in the month of August, compared to the months of August in the prior year capped at 4% upwards or downwards. In 2008, the contract was amended to provide for rate changes based on annual averages. In addition a one-time 4% increase was granted effective January 1, 2008, due to increased diesel prices. An 8% ceiling was allowed for the September 2008 rate adjustment. Due to an increase in diesel prices, the rate increased by 4.0% in September 2011. In September 2014, the rate was adjusted upward by 0.34%. The 2015 Budget assumes the adjusted rate will remain the same. A separate ten-year contract with Recycling Foundation, Inc., was entered into for the collection of recyclables effective November 1, 2005. In 2006, the new automated services began. An Enterprise Fund, entitled Solid Waste Collection Fund, now accounts for all income and costs associated with the solid waste collection program. Prior to this the solid waste collection contract was paid from the General Fund and the Consolidated Garbage Service District.

**Appropriations From Fund Balance**

Included in the 2015 General Fund budget are appropriations funded from projected fund balance at the end of 2014. These items are generally non-recurring. Details are as follows:

**FUND BALANCE - UNASSIGNED:**

<b>Economic Development Initiatives:</b>	
International Business Machines Corporation	\$1,500,000
Great Baton Rouge Economic Partnership	450,000
2017 USBC Women's Championship	100,000
Economic Development Initiatives	100,000
Ameritas Technologies Corporation	36,000
	<hr/>
	2,186,000
<b>Capital Items:</b>	
Police Department - Motor Vehicles	1,000,000
Priority Building Improvements	953,700
Fire Dept. - Renovation of Fire Station and Capital Outlay	1,250,000
City Court Case Management System & Ticket Writer	390,040
City Constable - Motor Vehicles	101,810
Juvenile Court - Security Improvements	145,000
Correctional Inst. - Capital and Building Improv./Repairs	350,000
Special Events	16,300
	<hr/>
	4,206,850
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<b>Total Fund Balance - Unassigned</b>	<b>\$6,392,850</b>

**FUND BALANCE - COMMITTED:**

<b>Designated for City Court:</b>	
Case Management System	\$203,300
<b>Designated for General Liability:</b>	
Compromised Judgments from Insurance Reserve	500,000
General Liability Settlement from Insurance Reserve	400,000
	<hr/>
	900,000

<b>TOTAL FROM FUND BALANCE</b>	<b>\$7,496,150</b>
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