

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, the fiduciary fund, the budgetary comparison information for each major fund, and the aggregate other (non-major) fund information of the City of Baton Rouge and Parish of East Baton Rouge, Louisiana (City-Parish) as of and for the year ended December 31, 2010, which collectively comprise the City-Parish's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City-Parish's non-major governmental, non-major enterprise, internal service funds, and selected non-major component units (fund level) contained within the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2010 listed in the table of contents as exhibits B-1 through E-13. These financial statements are the responsibility of the City-Parish's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of certain component units discretely presented as described in note 1(a) to the financial statements which represent 97%, 91% and 86%, respectively, of the assets, net assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon were furnished to us, and our opinion, herein, insofar as it relates to the amounts included for these entities, is based upon the reports of the other auditors.

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

In our opinion, based upon our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the fiduciary fund, the budgetary comparison information, and the aggregate other (non-major) fund information of the City of Baton Rouge-Parish of East Baton Rouge as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental, non-major enterprise, internal service fund, and selected non-major component units (fund level) of the City-Parish as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The other auditor's report on the 2010 financial statements of the Capital Area Transit System (the Transit System), a discretely presented component unit whose assets, net assets and revenues represent 6%, 5% and 15%, respectively, of the total discretely presented component units, included an explanatory paragraph describing conditions that raised substantial doubt about the Transit System's ability to continue as a going concern. These conditions are more fully described in Note 20 to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2011, on our consideration of internal control over financial reporting of the City-Parish and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 17, and the Schedules of Funding Progress and Employer Contributions of the City-Parish's Postemployment Benefit Plan, exhibit A-18, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City-Parish's financial statements as a whole. The accompanying financial information listed in the Table of Contents as Supplementary Schedules, exhibits F-1 through G-2, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City-Parish. This information has been subjected to the auditing procedures applied to the audit of the basic financial statements and the combining, individual fund, and component unit financial statements, and, in our opinion based upon our audit and the reports of other auditors', is fairly stated in all material respects in relation to the financial statements taken as a whole.

The accompanying financial information in the Statistical Section, exhibits H-1 through H-23, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City-Parish. The information has not been audited by us, and accordingly, we express no opinion on this information.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
June 25, 2011