

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Fleet Rental and Replacement Fund rents motorized equipment to Public Works divisions and provides for their scheduled replacement at the end of the economic life of the asset.

Central Garage Fund maintains motorized and heavy equipment and provides motor fuels for all departments.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2002**

EXHIBIT E - 1

	Fleet Rental and Replace- ment Fund	Central Garage	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,825,109	\$ 706,085	\$ 2,531,194
Investments	4,468,370	1,728,692	6,197,062
Accrued interest receivable	11,819	4,085	15,904
Due from other governments	--	2,149	2,149
Inventory	--	167,670	167,670
Total current assets	6,305,298	2,608,681	8,913,979
Capital assets:			
Land	--	47,568	47,568
Buildings	--	2,213,798	2,213,798
Improvements (other than buildings)	--	7,190	7,190
Equipment	18,886,736	184,054	19,070,790
Equipment under capital leases	654,045	--	654,045
Total capital assets	19,540,781	2,452,610	21,993,391
Accumulated depreciation	(15,272,333)	(1,481,752)	(16,754,085)
Net capital assets	4,268,448	970,858	5,239,306
Total assets	10,573,746	3,579,539	14,153,285
LIABILITIES			
Current liabilities:			
Accounts and contracts payable	92,964	357,552	450,516
Accrued salaries payable	--	59,795	59,795
Compensated absences payable	--	146,797	146,797
Obligation under capital leases	119,739	--	119,739
Total current liabilities	212,703	564,144	776,847
Long-term liabilities:			
Net pension obligation	--	203,442	203,442
Total liabilities	212,703	767,586	980,289
NET ASSETS			
Invested in capital assets, net of related debt	4,148,709	970,858	5,119,567
Unrestricted	6,212,334	1,841,095	8,053,429
Total net assets	\$ 10,361,043	\$ 2,811,953	\$ 13,172,996

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002**

EXHIBIT E - 2

	Fleet Rental and Replace- ment Fund	Central Garage	Total
Operating revenues:			
Charges for services:			
Billings to departments	\$ 4,329,542	\$ 6,720,229	\$ 11,049,771
Operating expenses:			
Personal services	--	1,255,626	1,255,626
Employee benefits	--	420,601	420,601
Supplies	40,353	124,940	165,293
Contractual services	2,047,285	737,339	2,784,624
Cost of materials	--	4,190,338	4,190,338
Depreciation	2,727,767	76,600	2,804,367
Total operating expenses	4,815,405	6,805,444	11,620,849
Operating income (loss)	(485,863)	(85,215)	(571,078)
Non-operating revenues (expenses):			
Investment earnings	122,347	39,611	161,958
Interest expense	(44,444)	--	(44,444)
Gain (loss) on disposition of capital assets	213,056	1,348	214,404
Total non-operating revenues (expenses)	290,959	40,959	331,918
Net income (loss)	(194,904)	(44,256)	(239,160)
Total net assets - January 1	10,555,947	2,856,209	13,412,156
Total net assets - December 31	\$ 10,361,043	\$ 2,811,953	\$ 13,172,996

The accompanying notes are an integral part of this statement.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

EXHIBIT E - 3

	<u>Fleet Rental and Replace- ment Fund</u>	<u>Central Garage</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from customers	\$ 4,329,542	\$ 6,720,229	\$ 11,049,771
Cash payments to suppliers for goods and services	(1,997,180)	(4,862,499)	(6,859,679)
Cash payments to employees for services and benefits	--	(1,584,779)	(1,584,779)
Net cash provided by (used for) operating activities	<u>2,332,362</u>	<u>272,951</u>	<u>2,605,313</u>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from sale of capital assets	194,245	1,348	195,593
Acquisition and construction of capital assets	(1,661,987)	--	(1,661,987)
Principal paid on bonds and capital leases	(1,083,412)	--	(1,083,412)
Interest paid on bonds and capital leases	(44,444)	--	(44,444)
Net cash provided by (used for) capital and related financing activities	<u>(2,595,598)</u>	<u>1,348</u>	<u>(2,594,250)</u>
Cash Flows From Investing Activities:			
Purchase of Investments	(4,468,370)	(1,728,692)	(6,197,062)
Interest received on investments	126,738	40,338	167,076
Net cash provided by (used for) investing activities	<u>(4,341,632)</u>	<u>(1,688,354)</u>	<u>(6,029,986)</u>
Net increase (decrease) in cash and cash equivalents	(4,604,868)	(1,414,055)	(6,018,923)
Cash and cash equivalents, January 1	<u>6,429,977</u>	<u>2,120,140</u>	<u>8,550,117</u>
Cash and cash equivalents, December 31	<u>\$ 1,825,109</u>	<u>\$ 706,085</u>	<u>\$ 2,531,194</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	\$ (485,863)	\$ (85,215)	\$ (571,078)
Adjustments to reconcile operating income (loss) to Net cash provided by (used for) operating activities:			
Depreciation	2,727,767	76,600	2,804,367
Increase (decrease) in compensated absences payable	--	25,286	25,286
Increase (decrease) in net pension obligation	--	57,878	57,878
Change in assets and liabilities:			
Decrease (increase) in inventory	--	10,046	10,046
Increase (decrease) in accounts and contracts payable	90,458	180,072	270,530
Increase (decrease) in accrued salaries payable	--	8,284	8,284
Total adjustments	<u>2,818,225</u>	<u>358,166</u>	<u>3,176,391</u>
Net cash provided by (used for) operating activities	<u>\$ 2,332,362</u>	<u>\$ 272,951</u>	<u>\$ 2,605,313</u>
Non Cash Investing, Capital, and Financing Activities:			
Gain in fair value of investments	\$ 11,819	\$ 4,085	\$ 15,904
Gain on disposal of capital assets	18,811	--	18,811

The accompanying notes are an integral part of this statement.