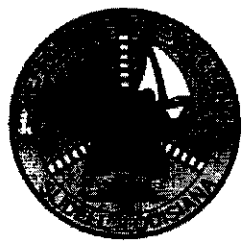
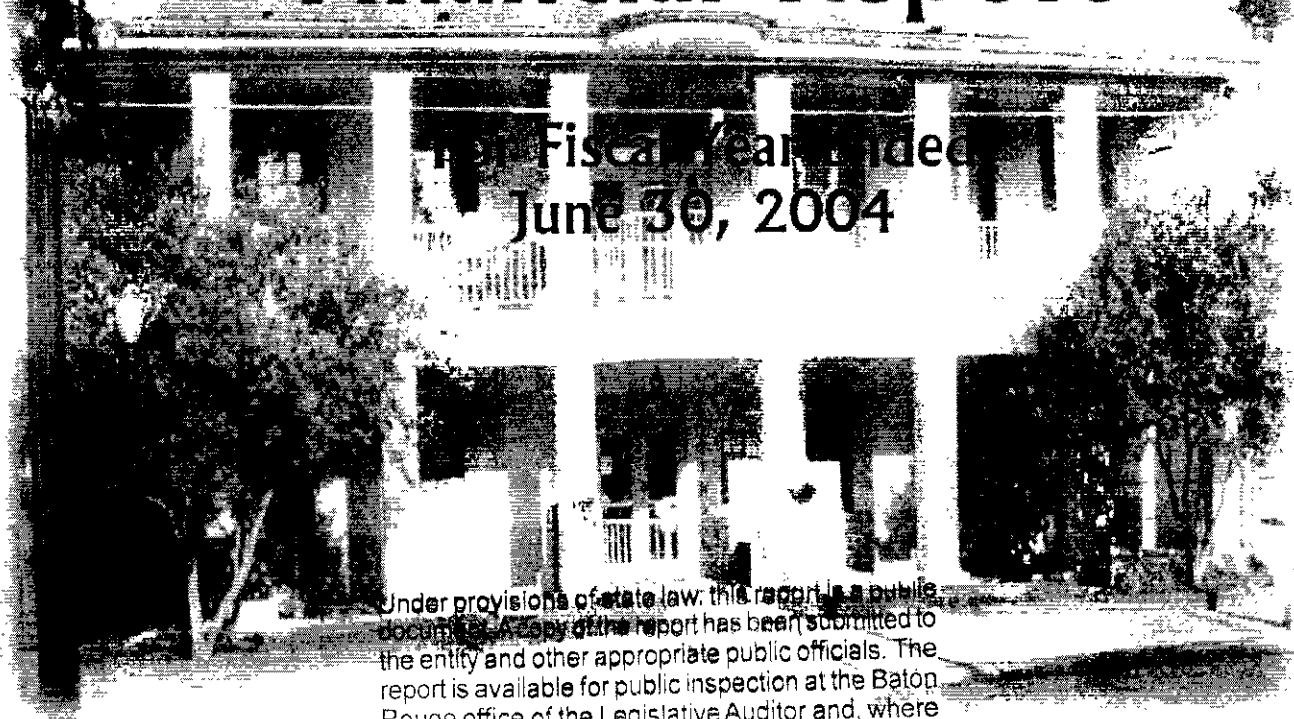


City of Slidell



Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2004



Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/2/05

RECEIVED
DEC 20 AM 11:10

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	IV
GFOA Certificate of Achievement for Excellence in Financial Reporting	IX
Principal Officials of the City of Slidell	X
Organizational Plan of the City of Slidell	XI
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion And Analysis	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	15
Reconciliation of the Balance Sheet to the Statement of Net Assets	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	18
Proprietary Funds:	
Statement of Net Assets	19
Statement of Revenues, Expenses, and Changes in Net Assets	20
Statement of Cash Flows	21
Fiduciary Funds:	
Statement of Assets and Liabilities	23
Notes to Financial Statements	24

TABLE OF CONTENTS (CONTINUED)

Page

FINANCIAL SECTION (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Budget and Actual – Budgetary Basis	49
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Sales Tax Fund Budget and Actual – Budgetary Basis	51

OTHER SUPPLEMENTARY INFORMATION

GOVERNMENTAL FUNDS

Combining Balance Sheet – Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	55
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Regional Planning Facility Fund – Budget and Actual – Budgetary Basis	57
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Community Development Block Grant Fund – Budget and Actual – Budgetary Basis.....	58

FIDUCIARY FUNDS

Combining Statement of Assets and Liabilities	60
Combining Statement of Changes in Assets and Liabilities	61

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

Schedule of Capital Assets Used in the Operation of Governmental Funds by Sources ...	63
Schedule of Capital Assets Used in the Operation of Governmental Funds by Function and Activity	64
Schedule of Changes in Capital Assets Used in the Operation of Governmental Funds by Function and Activity	65

SUPPORTING SCHEDULES

General Fund - Schedule of Functional Expenditures by Department (Budgetary Basis)	66
Sales Tax Fund - Schedule of Functional Expenditures by Department (Budgetary Basis)	68

TABLE OF CONTENTS (CONTINUED)

Page

FINANCIAL SECTION (CONTINUED)

Supplementary Schedule of Expenditures of State Awards 70

STATISTICAL SECTION - UNAUDITED

GOVERNMENT-WIDE INFORMATION:

Government-wide Expenses by Function 71

Government-wide Revenues 73

FUND INFORMATION:

General Governmental Expenditures by Function 75

General Governmental Revenues by Source 77

Property Tax Levies and Collections 79

Assessed and Estimated Actual Value of Taxable Property 80

Property Tax Rates - All Direct and Overlapping Governments 82

Ratio of Net General Obligation Bonded Debt to Assessed Value
and Net General Obligation Bonded Debt Per Capita 83

Computation of Legal Debt Margin 84

Ratio of Annual Debt Service Expenditures
for General Obligation Bonded Debt to Total General Expenditures 85

Computation of Direct and Overlapping Debt 86

Sales Tax Bonds Coverage 87

Enterprise Revenue Bonds Coverage (Utility Fund Only) 88

Property Value and Construction 89

Special Assessment Billings and Collections 90

Principal Taxpayers 91

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
STATISTICAL SECTION - UNAUDITED (CONTINUED)	
Salaries of Principal Officials	92
Demographic Statistics	93
Insurance Coverage	95

SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	96
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	98
Supplementary Schedule of Expenditures of Federal Awards	100
Notes to Supplementary Schedule of Expenditures of Federal Awards	102
Schedule of Findings and Questioned Costs	107
Summary Schedule of Prior Year Findings and Questioned Costs	109
Corrective Action Plan	110



The City of Slidell

FINANCE DEPARTMENT

2045 Second Street • P.O. Box 828 • Slidell, Louisiana 70459

Telephone (985) 646-4316

Fax (985) 646-4223

Email showes@cityofslidell.org

BEN O. MORRIS

Mayor

SHARON HOWES, CPA

Director of Finance

November 9, 2004

To the Honorable Mayor Ben Morris, Members of the Slidell City Council and
Citizens of the City of Slidell:

State law requires that all general-purpose governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City for the fiscal year ended June 30, 2004.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility of the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Rebowe & Co., a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor

agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit Section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Slidell, the largest municipality in St. Tammany Parish, was founded in 1888. The City's system of government is established by its Home Rule Charter, which was adopted in 1978. The Louisiana Constitution prohibits the state legislature from enacting any law affecting the structure, organization, or distribution of the power and functions of any local subdivision that operates under a Home Rule Charter.

The City has a Mayor-Council form of government. The governing council is responsible, among other things, for passing ordinances and adopting the budget. The Mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members and the Mayor serve four-year terms and are limited to two consecutive terms. Seven of the council members are elected by district. The mayor and the two remaining council members are elected at large.

The City provides a full range of services including police protection; water and sewer services; airport facilities; the construction and maintenance of highways, streets, drainage and infrastructure; recreational activities and cultural events. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. No component units are included in the reporting entity. A more detailed discussion of reporting entity is included in Note A1 in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the Mayor on or before mid January each year. The Mayor uses these requests as the starting point for developing a proposed budget. The Mayor then presents this proposed budget to the council for review by April 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 1. Operating budgets

are prepared by fund and by department. Department heads may make transfers of appropriations within a department. The transfer of appropriations between departments requires the approval of the governing council. The Mayor also recommends to the City Council a capital improvement program for the next five years and a capital budget by project for the first year of the program. The City Council is obligated to approve a capital budget program and adopts the capital budget concurrently with the annual operating budget. Transfers between capital project line items require approval by the City Council. Unexpended capital appropriations carry over for a total of three years or until re-appropriated.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. This comparison is presented on page 49 to 52 for the General Fund and the Sales Tax Fund as part of the Required Supplementary Information. For the other governmental funds with an appropriated annual budget, this comparison is presented in the Other Supplemental Information pages 57 and 58.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy. Slidell (population: approximately 26,500) is located in the southeastern portion of St. Tammany Parish, about 20 miles north of New Orleans. The City is primarily a residential area that continues to benefit from commercial growth. The City's taxable assessed value for fiscal 2004 was \$145.3 million, a 5% increase over the previous year's level, and has grown by about 4.9% per year over the past five years. Total market value is estimated at around \$1.3 billion. Additional, property tax base growth is expected over the next two years, due to annexations into Slidell. Slidell's tax base is somewhat concentrated, with the 10 leading taxpayers representing about 22% of assessed value. The leading employers and taxpayers are in the health care, utility, financial and retail sectors.

Slidell, a suburb of New Orleans, is uniquely located at the intersection of 3 interstates – Interstate 10, 12 and 59. Slidell serves as a retail center for the unincorporated areas of southeastern St. Tammany Parish, which have had strong residential growth lately. As a result of its location, per capita retail sales in the City are well above the national level. Slidell's unemployment rate is well below state and national levels, and stood at 4.5% through June 2004.

For over a decade, St. Tammany Parish has remained the fastest growing parish in the state as New Orleanians continue to move north of Lake Pontchartrain. The 2000 Census data revealed that St. Tammany Parish grew at the fastest rate in the state a 32% increase for 1990.

Long-term financial planning. The City has embarked on a master plan to guide its future development over the next 20 years. The goals and objectives established in the 2001 Priorities Convention will be used as a basis to formulate the master plan. Four elements will be addressed – land use, transportation, beautification and infrastructure. The plan is being funded by the U.S. Department of Transportation, through the Regional Planning Commission and the City and will be issued in 2005.

In conjunction with, but separate from the citywide master plan, a separate detailed master plan will be conducted for 400-acre multi-use development centered on a University of New Orleans technology park situated near a new interchange off Interstate-10. Financing for the study was provided by a CLECO, an electricity utility corporation, the State of Louisiana and in kind services of the city planning department.

During 2001, the State of Louisiana Department of Environmental Quality (DEQ) issued the City a Consolidated Compliance Order for violations of wastewater operations and maintenance deficiencies. The City has responded to the Order with a plan of action to correct the violations. Water and sewer fees were raised 10% and 25% for the 2002 and 2003 fiscal years to address some of these problem areas. In 2004 construction started on a \$4,100,000 rehabilitation of the wastewater treatment plant financed by a low interest DEQ loan and is expected to be completed in 2005.

Managing growth continues to be one of our major management objectives. The City receives requests for annexation into the City on a weekly basis. With continued commercial and residential building in Slidell, the capacity of many different departments, from the Utilities Division of Public Operations to Permits and Inspections has been stretched. We are seeking ways to keep pace with the growing demand for City workers.

Cash management policies and practices. The Finance Department strives to keep abreast of current trends and procedures for cash management and forecasting so as to ensure the most efficient and profitable use of the City's cash resources. While efforts are made to maximize the return on the City's investment dollar, our primary goal is to ensure the return of principal.

Cash temporarily idle during the year was invested in demand deposits, time deposits and U.S. government or government agency securities. Interest earned on cash designated for specific purposes is allocated directly to that purpose. Interest revenue earned on investments by the City for all funds during fiscal 2004 totaled \$130,000 compared to \$186,000 earned during the previous year. The decrease in investment income is primarily related to lower interest rates in fiscal 2004.

Risk management. The City funded a risk management division with two employees in 1996. This division develops safety programs, investigates small claims and employee accidents, and coordinates employee health benefits.

The City is currently enrolled in partial self-insurance programs for liability, medical, dental and workers' compensation claims. Third party coverage is maintained on all

insurances, which becomes effective after specific and/or aggregate retentions are met. At the close of the current year, the General Fund has designated fund balance totaling \$1,308,000 to meet these potential losses. General Fund balance reserved for insurance totaled \$275,000. This relates directly to investments required by Louisiana Statutes for entities with self-funded workers' compensation plans. Additional information on the City's risk management activity can be found in Note K of the notes to the financial statements.

Retirement benefits and other post-employment benefits. Information on the City's retirement benefits can be found in Note C of the notes to the financial statements and information on the City's post-employment benefits can be found in Note L of the notes to the financial statements.

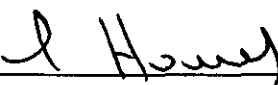
Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement, for Excellence in Financial Reporting to the City of Slidell for its comprehensive annual financial report (CAFR) for the fiscal year ending June 30, 2003. This is the nineteenth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that current (CAFR) continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances

Respectfully submitted,



Sharon Howes, CPA
Director of Finance

(THIS PAGE LEFT BLANK INTENTIONALLY)

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Slidell,
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Egan

Executive Director

(THIS PAGE LEFT BLANK INTENTIONALLY)

**CITY OF SLIDELL
PRINCIPAL SELECTED OFFICIALS
JUNE 30, 2004**

CITY ADMINISTRATION

Ben O. Morris - Mayor

Fredrick Drennan - Chief of Police

COUNCIL MEMBERS

Pearl Williams - Councilwoman-at-Large, President

Marti Livaudais - Councilwoman-at-Large

Elsie Burkhalter - District A

Richard Hursey, Jr. - District B

Landon Cusimano - District C

Kevin Kingston - District D

Raymond H. Canada - District E

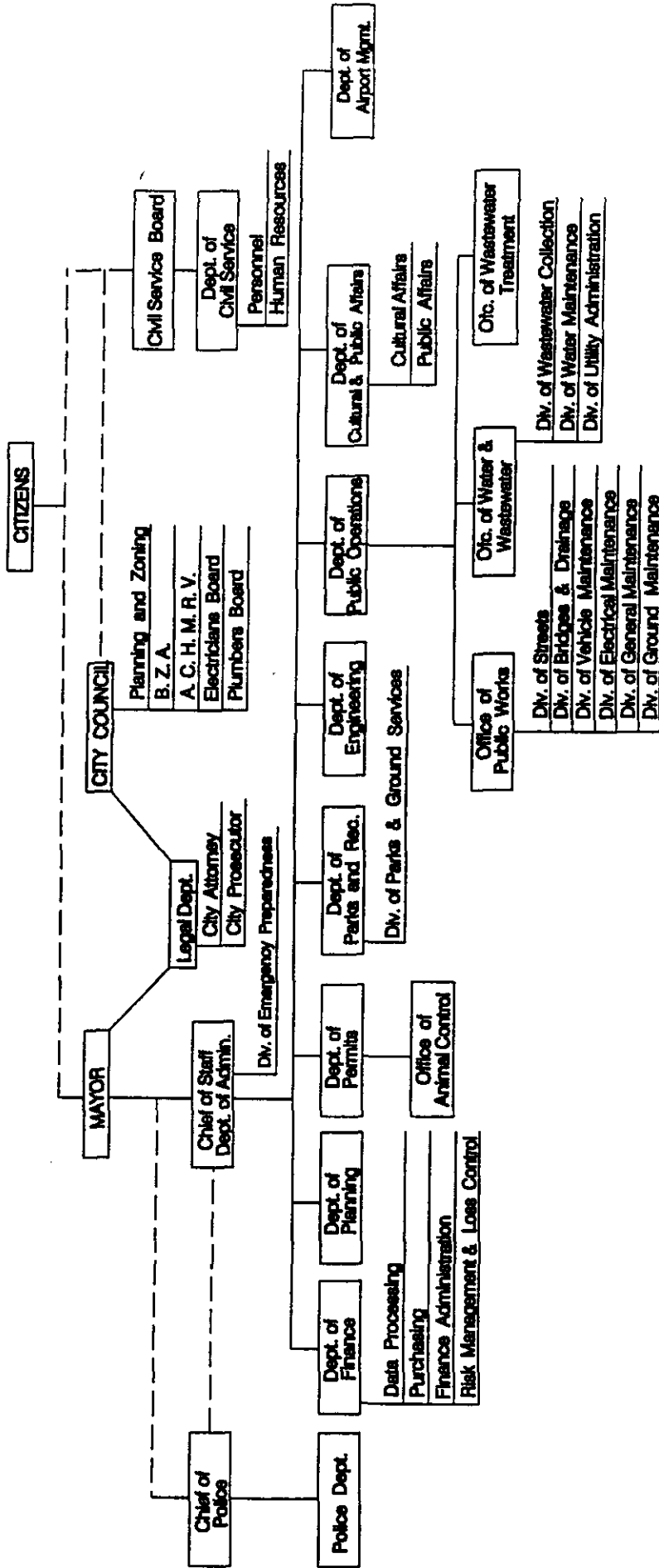
Kim Harbison - District F

Greg Cromer - District G

(THIS PAGE LEFT BLANK INTENTIONALLY)

ORGANIZATIONAL PLAN for the GOVERNMENT of the CITY of SLIDELL

2004



(THIS PAGE LEFT BLANK INTENTIONALLY)

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Slidell, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Slidell, Louisiana (the "City"), as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2004 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 considered in assessing the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information on pages 3 through 12 and 45 through 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Rebowe & Company

September 24, 2004



The City of Slidell

FINANCE DEPARTMENT

2045 Second Street • P.O. Box 828 • Slidell, Louisiana 70459

Telephone (985) 646-4316

Fax (985) 646-4223

Email showes@cityofslidell.org

BEN O. MORRIS

Mayor

SHARON HOWES, CPA

Director of Finance

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Slidell's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the transmittal letter on page IV and the City's financial statements, which begin on page 13.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 13 and 14) provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

Fund financial statements start on page 15. For governmental activities, these statements report how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as an agent for the benefit of those outside of the government.

The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page 5. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's financial activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. As such, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to

measure the City's financial health or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall financial health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities**—Most of the City's basic services are reported here, including the police, public works, and parks departments, and general administration. Sales and use taxes, property taxes, franchise fees, and state and federal grants finance most of these activities.
- **Business-type activities**—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system and airport are reported here.

Fund Financial Statements

Our analysis of the City's major funds begins on page 8. The fund financial statements begin on page 15 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City establishes other funds to help it control and manage money for particular purposes or to account for that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- **Governmental funds**—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.
- **Proprietary funds**—When the City charges customers for the services it provides these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net

Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information such as cash flows, for proprietary funds.

Reporting the City's Fiduciary Responsibilities

The City also holds certain assets in a fiduciary capacity for individuals, organizations and others. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 23. We exclude these assets from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 to 48 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary basis reporting for the General Fund and the Sales Tax Fund. Required supplementary information can be found on page 49 to 52 of this report.

The combining statements of non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 54 to 58 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$85.1 million at the close of fiscal year 2004 as compared to \$80.8 million at the close of fiscal year 2003.

Table 1
Net Assets
(In Thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$15,685	\$12,962	\$ 5,105	\$ 4,938	\$ 20,790	\$ 17,900
Capital assets	<u>63,221</u>	<u>63,721</u>	<u>41,535</u>	<u>40,022</u>	<u>104,756</u>	<u>103,743</u>
Total assets	78,906	76,683	46,640	44,960	125,546	121,643
Long-term debt outstanding	31,177	32,828	5,187	5,443	36,364	38,271
Other liabilities	<u>2,760</u>	<u>1,987</u>	<u>1,314</u>	<u>580</u>	<u>4,074</u>	<u>2,567</u>
Total liabilities	33,937	34,815	6,501	6,023	40,438	40,838
Net assets						
Invested in capital assets, net of related debt	34,999	33,673	36,642	34,847	71,641	68,520
Restricted	5,122	4,760	980	670	6,102	5,430
Unrestricted	<u>4,848</u>	<u>3,435</u>	<u>2,517</u>	<u>3,420</u>	<u>7,365</u>	<u>6,855</u>
Total net assets	<u>\$44,969</u>	<u>\$41,868</u>	<u>\$40,139</u>	<u>\$38,937</u>	<u>\$85,108</u>	<u>\$80,805</u>

Table 2
Changes in Net Assets
(In Thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues						
Charges for services	\$3,030	\$2,796	\$7,349	\$7,022	\$10,379	\$9,818
Operating grants	462	759	-	-	462	759
Capital grants	3,942	2,253	677	554	4,619	2,807
General revenues						
Sales tax	17,387	16,180	-	-	17,387	16,180
Property tax	3,492	3,404	1,446	1,385	4,938	4,789
Other tax	1,577	1,502	-	-	1,577	1,502
Other general revenue	<u>334</u>	<u>224</u>	<u>15</u>	<u>164</u>	<u>349</u>	<u>388</u>
Total revenue	30,224	27,118	9,487	9,125	39,711	36,243
Program expenses						
General government	6,322	6,094	-	-	6,322	6,094
Public works	10,411	9,984	-	-	10,411	9,984
Public safety	7,500	6,871	-	-	7,500	6,871
Parks and recreation	1,358	1,222	-	-	1,358	1,222
Judicial system	315	311	-	-	315	311
Interest on long term debt	1,030	1,563	-	-	1,030	1,563
Utilities	-	-	8,189	7,714	8,189	7,714
Airport	-	-	<u>283</u>	<u>276</u>	<u>283</u>	<u>276</u>
Total expenses	<u>\$26,936</u>	<u>\$26,045</u>	<u>\$8,472</u>	<u>\$7,990</u>	<u>\$35,408</u>	<u>\$34,035</u>

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	2004	2003	2004	2003	2004	2003
Excess before transfers	3,288	1,073	1,015	1,135	4,303	2,208
Transfers	<u>(187)</u>	<u>(151)</u>	<u>187</u>	<u>151</u>	<u>---</u>	<u>---</u>
Increase in net assets	\$ 3,101	\$922	\$1,202	\$1,286	\$4,303	\$2,208
	=====	=====	=====	=====	=====	=====

By far the largest portion of the City's net assets (84 percent) reflects its investment in capital assets (e.g. infrastructure, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Slidell uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Slidell's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Slidell's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (9 percent) may be used to meet the government's general ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Slidell is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's net assets increased \$4.3 million during the current fiscal year

Governmental Activities

Governmental activities increased the City's net assets by \$3,101,000, thereby accounting for 72% of the total growth in net assets of the City of Slidell.

Total revenue increased by \$3,106,000 or 11%. Key elements of the increase are as follows:

- Sales tax revenue increased by \$1,207,000 or 7% primarily due to a major new shopping center development that opened for business in the fourth quarter of the previous fiscal year.
- Capital grant revenue increased by \$1,689,000 or 75% primarily due to money received from the Public Trust Authority for several public works projects. Most of the City's capital grants are non-recurring. These funds are expected to fluctuate from year to year.

Total expenses increased by \$891,000 or 3%. Significant variances from prior year expenses are discussed below:

- Public safety expenses increased \$629,000 or 9 %. This increase is primarily due to a 4.9% pay increase for classified employees and higher medical, retirement, overtime, operating equipment purchases and depreciation costs.
- Public works expenses increased \$427,000 or 4%. This increase is primarily due to a 4.9% pay increase for classified employees and higher medical, retirement, overtime and depreciation costs.

General government expenses increased \$228,000 or 4%. This increase is primarily due a 4.9% pay increase for classified employees and higher retirement, medical, utility and general liability insurance costs.

Interest on long-term debt decreased \$533,000 as a result of current year debt refunding activity. See Note E.

Business-type Activities

Business type activities increased the City of Slidell's net assets by \$1,202,000, thereby accounting for 28% of the total growth in net assets of the City of Slidell. Key elements of the increase are as follows:

- Charges for services increased by \$327,000 or 5% primarily due to a 2.4% increase in water and sewer rates based on an annual adjustment equal to the change in the consumer price index. The increase in service charges is also attributable to billing for 12 months of recycling services in 2004 versus 5 months in 2003 as a result of a seven-month suspension of recycling services in 2003.
- Utility expenses increased by \$475,000 or 6% due to a 4.9% pay increase for classified employees and higher medical, retirement and repair and maintenance expense. Repair and maintenance expense increased as more projects were budgeted and completed related to improvements that were not eligible for capitalization in the current year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,708,000, an increase of \$1,612,000 in comparison with the prior year. Approximately 66% of this total amount (\$8,353,000) constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because 1) it has already been committed to pay debt service and honor bond covenants (\$3,570,000), 2) it is legally restricted by other outside parties (\$555,000) or 3) it is not available for appropriation (\$230,000).

The fund balance of the general fund increased \$85,000 in the current year and increased \$213,000 in the prior year. Total revenues increased by \$497,000 primarily as a result of increased franchise tax revenue due to higher electrical and gas costs, increased license and permit revenue associated with new commercial development and the receipt of insurance proceeds for wind damage to the police communications tower. Expenditures increased \$663,000 or 6% primarily due to a 4.9% pay increase for classified employees and increased medical, retirement and overtime costs in the police department. In lieu of an administrative cost allocation, the Sales Tax Fund transfers a portion of sales tax revenue to the General Fund each year. The transfer from the Sales Tax Fund increased \$38,000 in the current year.

The fund balance of the sales tax fund increased \$343,000 in the current year and decreased \$778,000 in the prior year. Total revenues increased by \$772,000 primarily as a result of increased sales tax revenue (\$1,207,000) related to a major new retail shopping center that opened in the fourth quarter of fiscal year 2003. The increase was offset by a \$391,000 decrease in federal and state grant assistance. In 2003, the City received \$392,000 for disaster recovery related to storm events. There were no storm events in 2004. Expenditures increased \$482,000 or 4%. Operating expenditures increased \$626,000 primarily due to a 4.9% raise for classified employees and higher medical, retirement, general insurance and utility costs. Debt service decreased \$69,000 because the final payment on a capital lease was made in fiscal year 2003. Capital expenditures also decreased slightly by \$75,000. Sales Tax Fund transfers to other funds increased \$2,446,000 in the current year primarily due to an increase in the transfer to the Debt Service Fund for the issuance of the \$13,360,000 Public Improvement Sales Tax Refunding Bonds, Series 2003. See Note E. The Sales Tax Fund also received a one-time transfer-in of \$1,902,000 from the Debt Service Fund as part of the sales tax bond refunding transaction.

The fund balance of the debt service fund increased \$64,000. The increases in debt service expenditures, other financing uses and other financing sources are due to the issuance of \$2,725,000 of General Obligation Refunding Bonds, Series 2004 and the issuance of \$13,360,000 Public Improvement Sales Tax Refunding Bonds, Series 2003. The refunding bonds are discussed in Note E of the financial statements.

General Fund Budgetary Highlights

The City Council revised the original adopted budget twice. The first budget amendment incorporated the use of the general fund's prior year-end available fund balance

(\$481,000) and reduced the transfer to the general fund from the sales tax fund by the same amount. The second and final budget amendment increased the transfer in from the sales tax fund to the general fund to provide additional appropriations for departmental operations to prevent budget overruns and added \$145,000 from insurance proceeds for communications tower damage to budgeted revenue.

By budgetary policy, revenue estimates are prepared with a conservative bias. Overall, current year revenue experienced a positive variance of \$860,000 from the amount budgeted. Franchise tax revenue from electric and gas companies showed a positive variance of \$209,000. Franchise fee revenue is budgeted conservatively due to the volatility of gas and oil prices. Franchise revenue fluctuates as the regulated utility companies pass increases or decreases in the cost of fuel to consumers. License and permit fees showed a positive variance of \$336,000. Higher licensing and insurance fee revenue related to increased commercial activity was offset by lower permit and inspection fees. While license fees are somewhat predictable, permit fees typically fluctuate from year to year based on construction activity and are budgeted conservatively.

The final budget for expenditures increased \$176,000 (less than 2%) from the original budget for the current year. Increases in employee and retiree medical benefit expenditures were the primary causes for budgetary adjustments. Actual expenditures did not significantly vary from the final adopted budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the City had \$104.8 million invested in a broad range of capital assets, including police and public works equipment, buildings, park facilities, roads, drainage, bridges, airport facilities, wastewater treatment plant, water lines, and sewer lines. (See Table 3 below) This amount represents a net increase (including additions and deductions) of \$1.0 million (1%) from last year.

Table 3
Capital Assets at Year-end
(Net of Depreciation, In Thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2004	2003	2004	2003	2004	2003
Land	\$ 9,924	\$ 9,604	\$ 76	\$ 76	\$ 10,000	\$ 9,680
Building and building improvements	15,640	16,025	432	442	16,072	16,467
Land improvements	4,340	4,618	2,641	2,341	6,981	6,959
Machinery and equipment	3,233	3,213	1,086	1,073	4,319	4,286
Infrastructure	28,396	29,562	34,675	34,401	63,071	63,963
Construction in progress	<u>1,688</u>	<u>699</u>	<u>2,625</u>	<u>1,688</u>	<u>4,313</u>	<u>2,387</u>
Total capital assets, net	<u>\$63,221</u>	<u>\$63,721</u>	<u>\$41,535</u>	<u>\$40,021</u>	<u>\$104,756</u>	<u>\$103,742</u>

This year's major additions included \$820,000 for drainage improvements, \$643,000 for street improvements and \$690,000 for utility system improvements. The capital budget for the fiscal year 2005 budget totals \$4.1 million. The major initiatives include \$160,000 for West Country Club detention pond, \$109,000 for Bayou Vincent drainage work, \$200,000 for sewer pump station rehabilitation and \$720,000 for collection system rehabilitation to address inflow and infiltration problems. The budget also includes \$474,000 for replacement of existing vehicles and equipment.

More detailed information about the City's capital assets is presented in Note H to the financial statements.

Debt

At year-end, the City had \$33.7 million in bonds, notes and capital leases outstanding versus \$35.2 million last year, a decrease of 4 percent, as shown in Table 4.

Table 4
Outstanding Debt, at Year-end
(In Thousands)

	Governmental <u>Activities</u>		Business-type <u>Activities</u>		Total <u>Government</u>	
	2004	2003	2004	2003	2004	2003
General obligation bonds (backed by property tax)	\$9,695	\$10,465	-	-	\$9,695	\$10,465
Revenue bonds and notes (backed by specific tax and h fee revenue)	13,285	14,277	4,851	5,080	18,136	19,357
Other notes (backed by a pledge of all lawfully available funds)	4,402	4,431	-	-	4,402	4,431
Certificates of indebtedness (unsecured)		925				925
Capital lease obligations	<u>1,375</u>	<u>-</u>	<u>42</u>	<u>95</u>	<u>1,417</u>	<u>-</u>
	<u>\$28,757</u>	<u>\$30,098</u>	<u>\$4,893</u>	<u>\$5,175</u>	<u>\$33,650</u>	<u>\$35,178</u>

During 2004, the City issued \$2,725,000 of General Obligation Refunding Bonds, Series 2004 and \$13,360,000 Public Improvement Sales Tax Refunding Bonds, Series 2003. The refunding bonds are discussed in Note E of the financial statements.

The City's general obligation bonds and sales tax bonds maintain an A1 rating from Standard and Poor's, a national rating agency. The State limits the amount of general obligation debt that cities can issue to 35% percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt (\$9.7million) is significantly below this \$50.1 million state-imposed limit.


The City is self-insured with excess coverage for workers' compensation, general liability, auto liability, and employee medical. Claims and judgments of \$1,308,000 are outstanding at year-end compared with \$1,171,000 last year. Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Notes H and K to the financial statements.

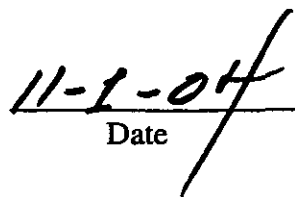
ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

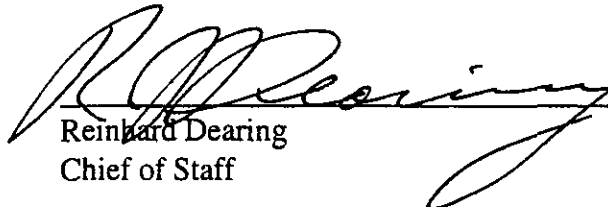
The City's elected and appointed officials considered many factors when setting the fiscal year 2005 budget. Sales tax revenue provides approximately 50% of the City's annual recurring revenue. At the time the budget was prepared, sales tax revenue growth was 9% per cent higher than the prior year primarily due the opening of a major new retail development in the forth quarter of fiscal year 2003. Revenue is expected to slow to 4% in 2005, as "new store" revenue in 2004 becomes "same store" revenue in 2005. In keeping with the City's policy of conservative revenue projections, the budget assumes 2% growth for sales tax revenue. Benefiting from increased assessed values due to the re-assessment process in 2004, property tax millage was decreased from 34.5 mills to 31.59 mills. Utility rates were budgeted to increase by the consumer price index (1.9%) as allowed by ordinance. All other revenue projections were budgeted with a conservative bias.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT


The financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report of need additional financial information, contact the Finance Director's Office at 2045 Second Street, Slidell, Louisiana or by phone at (985-646-4316).

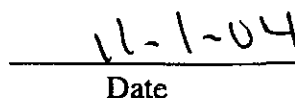

Ben O. Morris
Mayor


Date


Reinhard Dearing
Chief of Staff


Date


Sharon Howes, CPA
Director of Finance


Date

BASIC FINANCIAL STATEMENTS

(THIS PAGE LEFT BLANK INTENTIONALLY)

CITY OF SLIDELL, LOUISIANA
STATEMENT OF NET ASSETS
June 30, 2004

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 7,219,428	\$ 194,182	\$ 7,413,610
Investments	3,851,883	-	3,851,883
Receivables, net of allowances for uncollectibles:			
Taxes	1,985,811	-	1,985,811
Interest	3,597	-	3,597
Water, sewerage and garbage	-	720,716	720,716
Unbilled receivables	-	240,876	240,876
Other	521,465	25	521,490
Internal balances	(2,270,983)	2,270,983	-
Inventory	135,630	272,656	408,286
Prepaid Items	93,731	-	93,731
Due from other governments	276,010	281,421	557,431
Deferred charge - issuance cost	326,714	-	326,714
Other assets	-	144,612	144,612
Restricted assets:			
Cash and cash equivalents	2,355,703	128,060	2,483,763
Investments	1,186,609	851,532	2,038,141
Capital assets, net of accumulated depreciation	63,220,638	41,535,289	104,755,927
TOTAL ASSETS	<u>78,906,236</u>	<u>46,640,352</u>	<u>125,546,588</u>
LIABILITIES			
Accounts payable and other current liabilities	2,654,884	1,314,576	3,969,460
Due to local entities	105,168	-	105,168
Noncurrent liabilities:			
Due within one year	4,833,640	462,877	5,296,517
Due in more than one year	26,343,275	4,724,000	31,067,275
TOTAL LIABILITIES	<u>33,936,967</u>	<u>6,501,453</u>	<u>40,438,420</u>
NET ASSETS			
Invested in capital assets, net of related debt	34,998,713	36,642,412	71,641,125
Restricted for:			
Capital projects	280,634	-	280,634
Debt service	3,575,333	979,591	4,554,924
Other purposes	1,267,087	-	1,267,087
Unrestricted	4,847,502	2,516,896	7,364,398
TOTAL NET ASSETS	<u>\$ 44,969,269</u>	<u>\$ 40,138,899</u>	<u>\$ 85,108,168</u>

The accompanying notes are an integral part of this statement.

CITY OF SLIDELL, LOUISIANA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 6,322,104	\$ 2,337,018	\$ 65,158	\$ -	\$ (3,919,928)	\$ -	\$ (3,919,928)
Public works	10,410,764	290,598	-	3,824,763	(6,295,403)	-	(6,295,403)
Public safety	7,499,503	315,250	381,526	117,165	(6,685,562)	-	(6,685,562)
Parks and recreation	1,357,411	78,014	-	-	(1,279,397)	-	(1,279,397)
Judicial system	315,101	8,727	15,119	-	(291,255)	-	(291,255)
Interest on long-term debt	1,030,419	-	-	-	(1,030,419)	-	(1,030,419)
Total Governmental Activities	26,935,302	3,029,607	461,803	3,941,928	(19,501,964)	-	(19,501,964)
Business-type Activities							
Utilities	8,189,430	7,307,742	-	309,640	-	(572,048)	(572,048)
Airport	282,828	41,288	-	367,619	-	126,079	126,079
Total Business-type Activities	8,472,258	7,349,030	-	677,259	-	(445,969)	(445,969)
Total	\$ 35,407,560	\$ 10,378,637	\$ 461,803	\$ 4,619,187	\$ (19,501,964)	\$ (445,969)	\$ (19,947,933)
General Revenues:							
Taxes:							
Ad valorem					\$ 3,491,884	\$ 1,445,914	\$ 4,937,798
Sales and use					17,387,481	-	17,387,481
Franchise					1,500,117	-	1,500,117
Beer					76,643	-	76,643
Investment earnings					125,678	15,000	140,678
Miscellaneous					208,767	-	208,767
Transfers					(187,343)	187,343	-
Total general revenues and transfers					22,603,227	1,648,257	24,251,484
Change in Net Assets					3,101,263	1,202,288	4,303,551
Net assets - beginning of year					41,868,006	38,936,611	80,804,617
Net assets - end of year					\$ 44,969,269	\$ 40,138,899	\$ 85,108,168

The accompanying notes are an integral part of this statement.

CITY OF SLIDELL, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004

	General Fund	Sales Tax Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Assets:					
Cash and cash equivalents	\$ 7,219,428	\$ -	\$ -	\$ -	\$ 7,219,428
Investments	1,329,675	1,304,830	1,217,378	-	3,851,883
Receivables, net of allowances for uncollectible:					
Taxes	459,266	1,526,545	-	-	1,985,811
Accrued interest	3,597	-	-	-	3,597
Other	520,286	1,179	-	-	521,465
Due from other funds	50,159	2,931,896	51,748	1,242,105	4,275,908
Due from other governments	27,220	196,801	-	51,989	276,010
Inventory	98,488	37,142	-	-	135,630
Prepaid items	93,731	-	-	-	93,731
Restricted assets:					
Cash	962,087	1,381,433	12,183	-	2,355,703
Investments	275,000	911,609	-	-	1,186,609
TOTAL ASSETS	\$ 11,038,937	\$ 8,291,435	\$ 1,281,309	\$ 1,294,094	\$ 21,905,775
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts, salaries, and other payables	\$ 1,186,306	\$ 1,308,161	\$ 4,017	\$ 46,520	\$ 2,545,004
Due to other funds	6,601,900	-	-	50,159	6,652,059
Total Liabilities	<u>7,788,206</u>	<u>1,308,161</u>	<u>4,017</u>	<u>96,679</u>	<u>9,197,063</u>
Fund balances:					
Reserved for:					
Prepaid items	93,731	-	-	-	93,731
Inventory	98,488	37,142	-	-	135,630
Insurance	275,000	-	-	-	275,000
Capital outlay	-	280,634	-	-	280,634
Debt service	-	-	1,277,292	-	1,277,292
Bond reserve fund	-	911,609	-	-	911,609
Bond sinking fund	-	1,381,432	-	-	1,381,432
Unreserved, designated for:					
Capital outlay	-	1,786,321	-	-	1,786,321
Operating reserves	-	175,000	-	-	175,000
Contingencies	440,000	1,353,000	-	-	1,793,000
Compensated absences	400,000	250,000	-	-	650,000
Claims	1,308,000	-	-	-	1,308,000
Special revenue funds	-	-	-	71,170	71,170
Capital projects funds	-	-	-	1,136,307	1,136,307
Unreserved, undesignated, reported in:					
General Fund	635,512	-	-	-	635,512
Special revenue funds	-	808,136	-	-	808,136
Capital projects funds	-	-	-	(10,062)	(10,062)
Total fund balances	<u>3,250,731</u>	<u>6,983,274</u>	<u>1,277,292</u>	<u>1,197,415</u>	<u>12,708,712</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,038,937	\$ 8,291,435	\$ 1,281,309	\$ 1,294,094	\$ 21,905,775

The accompanying notes are an integral part of this statement.

CITY OF SLIDELL, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
For the Year Ended June 30, 2004

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds	\$ 12,708,712
Capital assets used in governmental activities are not financial resources and, therefore, are not applicable in the governmental funds.	63,220,638
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Accrued interest payable	(109,880)
Claims	(1,308,000)
Compensated absences	(1,647,000)
Bonds, notes, and loans payable (net of premiums, discounts and deferred charges)	<u>(27,895,201)</u>
 Net Assets of Governmental Activities	 <u><u>\$ 44,969,269</u></u>

The accompanying notes are an integral part of this statement.

CITY OF SLIDELL, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2004

	General Fund	Sales Tax Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and assessments:					
Sales and use taxes	\$ -	\$ 17,387,481	\$ -	\$ -	\$ 17,387,481
Ad Valorem	1,693,166	355,695	1,443,023	-	3,491,884
Franchise	1,500,117	-	-	-	1,500,117
Licenses and permits	1,936,449	-	-	-	1,936,449
Intergovernmental revenues:					
HUD grants	-	-	-	45,795	45,795
State revenue sharing	76,643	-	-	-	76,643
Other federal and state grants	19,482	1,712,955	-	14,629	1,747,066
Other state and local governmental revenues	100,800	-	-	1,644,051	1,744,851
State supplemental pay	298,148	-	-	-	298,148
Payment in lieu of taxes	530,000	-	-	-	530,000
Fines and forfeitures	205,600	-	-	-	205,600
Contributions	-	57,356	-	-	57,356
Other revenues, primarily interest and tuition	355,167	119,633	7,687	59,950	542,437
Total revenues	6,715,572	19,633,120	1,450,710	1,764,425	29,563,827
EXPENDITURES					
Current:					
General government	3,539,939	2,038,014	-	289,514	5,867,467
Public works	710,085	4,048,092	-	-	4,758,177
Public safety	6,493,685	-	-	-	6,493,685
Parks and recreation	-	925,935	-	-	925,935
Judicial system	265,219	-	-	-	265,219
Debt Service:					
Principal retirement	-	-	9,337,575	-	9,337,575
Interest and fiscal charges	-	-	1,001,094	-	1,001,094
Bond Issuance Cost	-	-	358,037	-	358,037
Capital outlay	-	5,453,827	-	752,319	6,206,146
Total expenditures	11,008,928	12,465,868	10,696,706	1,041,833	35,213,335
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(4,293,356)	7,167,252	(9,245,996)	722,592	(5,649,508)
OTHER FINANCING SOURCES (USES)					
Transfers in	4,408,444	1,901,699	5,348,993	215,928	11,875,064
Transfers out	(59,731)	(10,100,977)	(1,901,699)	-	(12,062,407)
Proceeds from the sale of fixed assets	29,381	-	-	-	29,381
(Discount) on Bonds Sold	-	-	(5,103)	-	(5,103)
Premium on Bonds Sold	-	-	183,651	-	183,651
Payment to Refunding Bond Escrow Agent	-	-	(10,400,209)	-	(10,400,209)
Proceeds from Issuance of Debt	-	1,375,000	16,085,000	181,000	17,641,000
Total other financing sources (uses)	4,378,094	(6,824,278)	9,310,633	396,928	7,261,377
Net Change in Fund Balances	84,738	342,974	64,637	1,119,520	1,611,869
Fund balances - beginning of year	3,165,993	6,640,300	1,212,655	77,895	11,096,843
Fund balances - end of year	\$ 3,250,731	\$ 6,983,274	\$ 1,277,292	\$ 1,197,415	\$ 12,708,712

The accompanying notes are an integral part of this statement.

CITY OF SLIDELL, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds	\$	1,611,869
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(491,114)
The net effect of various miscellaneous transactions involving capital assets is to decrease net assets.		(9,299)
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		2,203,274
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(213,467)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>3,101,263</u></u>

The accompanying notes are an integral part of this statement.

CITY OF SLIDELL, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2004

	<u>Utilities</u>	<u>Airport</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 194,182	\$ -	\$ 194,182
Accounts receivable, net of allowances for doubtful accounts of \$236,008 in 2004	720,716	-	720,716
Unbilled receivables	240,876	-	240,876
Other receivables	25	-	25
Due from other funds	2,196,897	74,086	2,270,983
Inventory	272,656	-	272,656
Due from other governments	1,499	279,922	281,421
Total current assets	<u>3,626,851</u>	<u>354,008</u>	<u>3,980,859</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	128,060	-	128,060
Investments	851,532	-	851,532
Capital assets, net of accumulated depreciation	<u>38,556,516</u>	<u>2,978,773</u>	<u>41,535,289</u>
Total noncurrent assets	<u>39,536,108</u>	<u>2,978,773</u>	<u>42,514,881</u>
Other assets			
Other assets	<u>144,612</u>	<u>-</u>	<u>144,612</u>
TOTAL ASSETS	<u>43,307,571</u>	<u>3,332,781</u>	<u>46,640,352</u>
LIABILITIES			
Current liabilities:			
Accounts payable	960,685	196,123	1,156,808
Retainage payable	79,175	24,056	103,231
Interest payable	54,537	-	54,537
Revenue bonds payable	345,937	-	345,937
Leases payable	41,940	-	41,940
Compensated absences	75,000	-	75,000
Total current liabilities	<u>1,557,274</u>	<u>220,179</u>	<u>1,777,453</u>
Non-current liabilities:			
Bonds payable	4,505,000	-	4,505,000
Compensated absences	<u>215,000</u>	<u>4,000</u>	<u>219,000</u>
Total noncurrent liabilities	<u>4,720,000</u>	<u>4,000</u>	<u>4,724,000</u>
TOTAL LIABILITIES	<u>6,277,274</u>	<u>224,179</u>	<u>6,501,453</u>
NET ASSETS			
Invested in capital assets, net of related debt	33,663,639	2,978,773	36,642,412
Restricted	979,591	-	979,591
Unrestricted	<u>2,387,067</u>	<u>129,829</u>	<u>2,516,896</u>
TOTAL NET ASSETS	<u>\$ 37,030,297</u>	<u>\$ 3,108,602</u>	<u>\$ 40,138,899</u>

The accompanying notes are an integral part of this statement.

CITY OF SLIDELL, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2004

	Utilities	Airport	Total
Operating Revenues			
Charges for services:			
Water	\$ 2,670,319	\$ -	\$ 2,670,319
Sewer	3,279,777	-	3,279,777
Solid waste disposal	931,421	-	931,421
Ad valorem taxes assessed for sewerage maintenance	722,957	-	722,957
Ad valorem taxes assessed for garbage service	722,957	-	722,957
Connection charges	276,709	-	276,709
Tie down and rental revenues	-	41,288	41,288
Penalties	149,516	-	149,516
Total operating revenues	<u>8,753,656</u>	<u>41,288</u>	<u>8,794,944</u>
Operating Expenses			
Salaries, wages and related benefits	2,686,796	76,805	2,763,601
Solid waste disposal	1,685,022	-	1,685,022
Repairs and maintenance	657,958	18,328	676,286
Materials and supplies	206,792	2,086	208,878
Utilities	431,157	11,115	442,272
Gas and oil	54,468	2,380	56,848
Insurance	69,600	6,978	76,578
Office expense	49,326	3,434	52,760
Certification and training	8,190	783	8,973
Other	101,075	7,666	108,741
Payment in lieu of taxes	530,000	-	530,000
Depreciation	1,470,050	152,928	1,622,978
Total operating expenses	<u>7,950,434</u>	<u>282,503</u>	<u>8,232,937</u>
Operating income (loss)	803,222	(241,215)	562,007
Non-operating Revenues (Expenses)			
Other income, primarily interest	14,092	908	15,000
Interest and fiscal charges	(231,478)	-	(231,478)
Other expenses	(7,518)	(325)	(7,843)
Total non-operating revenues (expenses)	<u>(224,904)</u>	<u>583</u>	<u>(224,321)</u>
Income (loss) before contributions and transfers	578,318	(240,632)	337,686
Capital Contributions	309,640	367,619	677,259
Transfers In	59,731	127,612	187,343
Change in net assets	947,689	254,599	1,202,288
Net assets - beginning of year	<u>36,082,608</u>	<u>2,854,003</u>	<u>38,936,611</u>
Net assets - end of year	<u>\$ 37,030,297</u>	<u>\$ 3,108,602</u>	<u>\$ 40,138,899</u>

The accompanying notes are an integral part of this statement.

**CITY OF SLIDELL, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2004**

	<u>Utilities</u>	<u>Airport</u>	<u>Total</u>
Cash flows from operating activities			
Receipts from operations	\$ 7,347,627	\$ 41,588	\$ 7,389,215
Payments for goods and services	(2,183,969)	(25,250)	(2,209,219)
Payments for employee services	(2,657,878)	(76,805)	(2,734,683)
Payments in lieu of taxes	(530,000)	-	(530,000)
Payments for direct and indirect costs	(550,745)	(26,543)	(577,288)
Other operating income	1,445,914	-	1,445,914
	<u>2,870,949</u>	<u>(87,010)</u>	<u>2,783,939</u>
Net cash provided by (used in) operating activities			
Cash flows from noncapital financing activities			
Operating transfers in	59,731	128,521	188,252
Interfund loan	323,460	14,029	337,489
	<u>383,191</u>	<u>142,550</u>	<u>525,741</u>
Net cash provided (used in) by noncapital financing activities			
Cash flows from capital and related financing activities			
Capital contributed by others	-	129,280	129,280
Acquisition and construction of capital assets	(2,393,191)	(184,820)	(2,578,011)
Retirement of long term debt	(332,986)	-	(332,986)
Proceeds from DEQ loan	50,937	-	50,937
Issuance costs	(50,937)	-	(50,937)
Interest paid on debt	(234,222)	-	(234,222)
Proceeds from sale of capital assets	2,132	-	2,132
	<u>(2,958,267)</u>	<u>(55,540)</u>	<u>(3,013,807)</u>
Net cash provided by (used in) capital and related financing activities			
Cash flows from investing activities			
Purchase of investments	(2,368,961)	-	(2,368,961)
Proceeds from maturities and sale of investments	2,063,000	-	2,063,000
Proceeds from interest income	13,027	-	13,027
	<u>(292,934)</u>	<u>-</u>	<u>(292,934)</u>
Net cash provided by (used in) investing activities			

(continued)

CITY OF SLIDELL, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
Year Ended June 30, 2004

	<u>Utilities</u>	<u>Airport</u>	<u>Total</u>
Net increase (decrease) in cash	\$ 2,939	\$ -	\$ 2,939
Cash and cash equivalents, beginning of year	<u>319,303</u>	<u>-</u>	<u>319,303</u>
Cash and cash equivalents, end of year	<u>\$ 322,242</u>	<u>\$ -</u>	<u>\$ 322,242</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 803,222	\$ (241,215)	\$ 562,007
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,470,050	152,928	1,622,978
Bad debt expense	59,277	-	59,277
Change in asset and liabilities:			
(Increase) decrease in accounts receivable/other assets	42,943	1,277	44,220
(Increase) decrease in inventory	(12,607)	-	(12,607)
Increase (decrease) in accounts payable	<u>508,064</u>	<u>-</u>	<u>508,064</u>
Net cash provided (used in) by operating activities	<u>\$ 2,870,949</u>	<u>\$ (87,010)</u>	<u>\$ 2,783,939</u>
Noncash investing, capital, and financing activities:			
Change in the fair market value of investments	\$ 2,676	\$ -	\$ 2,676
Contributions of fixed assets from government	34,140	-	34,140
Contributions of fixed assets from developer	<u>274,000</u>	<u>-</u>	<u>274,000</u>
Net effect on noncash activities	<u>\$ 310,816</u>	<u>\$ -</u>	<u>\$ 310,816</u>

The accompanying notes are an integral part of this statement.

CITY OF SLIDELL, LOUISIANA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2004

	Agency Funds
Assets	
Cash and cash equivalents	\$ 1,128
Restricted cash	45,597
Due from General Fund	105,169
Total assets	\$ 151,894
Liabilities	
Accounts payable	\$ 60
Due to local entities	151,834
Total liabilities	\$ 151,894

The accompanying notes are an integral part of this statement.

(THIS PAGE LEFT BLANK INTENTIONALLY)

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Slidell, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP); these financial statements present the City as the primary government. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

1. REPORTING ENTITY

The City is a municipal corporation governed by an elected nine-member Council. As required by generally accepted accounting principles, these financial statements present the City as the primary government. The City has no component units; therefore, the City also represents the reporting entity.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual enterprise funds are reported as separate columns in the fund financial statements.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Sales Tax Fund* accounts for the bond proceeds and subsequent debt service and expenditures funded by the City's two percent sales and use tax, which are primarily dedicated for public improvements.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The City reports the following major proprietary funds:

The *Utility Fund* accounts for the operations of the water and sewerage systems and the solid waste disposal system.

The *Airport Fund* accounts for operations of the Slidell Municipal Airport.

Additionally, the City reports the following fund type:

Agency funds account for assets held by the City in a fiduciary capacity for individuals, organizations and others.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility Fund and Airport Fund are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

4. BUDGETARY ACCOUNTING

Budget Policies - The Mayor and City Council approve, prior to the beginning of each year, an annual operating budget prepared on the modified accrual basis for general governmental activities, except state supplemental pay (\$298,148 in 2004) to police officers are not treated as budgeted revenues and expenditures of the General Fund. Payments under capital leases are treated as expenditures in the year of payment for budgetary purposes. At the end of the fiscal year, unexpended and unencumbered appropriations of these funds automatically lapse with the exception of capital outlay appropriations, which lapse after three fiscal years.

Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds, the only fund types having legally adopted annual budgets. Expenditures are budgeted at the departmental level, which is the level at which expenditures may not legally exceed appropriations. For all other funds effective budgetary control is alternatively achieved through bond indenture provisions, certificate of indebtedness provisions, and trust agreements. Certain revenues, capital outlay, and claims, judgments and disasters expenditures arise from special grants, contracts, and specific events

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. BUDGETARY ACCOUNTING (CONTINUED)

which specify the use of the funds and, accordingly, no budgetary control is required.

During the year, the Mayor may authorize transfers between line items within a department without Council approval. Upon request by the Mayor, the Council may amend departmental or fund level appropriations during the year. The budget data reflected in the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - Budgetary Basis, (see pages 49 to 52 and 57 to 58) includes the effect of such appropriation amendments approved by the City Council during the current year. These amendments may reappropriate designated and/or reserved funds rolling forward from the previous year for various capital projects as well as amend the distributions of operating funds already appropriated.

5. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General and Special Revenue Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and because the commitments will be honored during the subsequent year. There were no encumbrances outstanding at June 30, 2004.

6. CASH AND CASH EQUIVALENTS

For the purpose of the statement of net assets, cash includes all demand, savings accounts, and certificates of deposit of the City. For the purpose of the proprietary funds statement of cash flows, all highly liquid investments (including certificates of deposit) with maturity of three months or less when purchased are considered to be cash equivalents.

7. INVESTMENTS

Louisiana statutes permit the City to invest in United States bonds, treasury notes, or certificates, or other obligations of the U.S. Government and agencies of the U.S. Government, which are federally sponsored, and certificates of deposit of state banks, organized under the State of Louisiana and national banks having their principal office in the State of Louisiana, or in mutual or trust fund institutions which are registered and which have underlying investments limited to securities of the U.S. Government or its agencies.

Investments are stated at fair value in accordance with Government Accounting Standards Board Statement (GASB) No 31.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. INTERFUND TRANSACTIONS

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". Short-term interfund loans are reported as "interfund receivables and payables". Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

The permanent reallocation of resources between funds of the City are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

9. PAYMENT IN LIEU OF TAXES

Costs associated with general governmental operations of the City are initially recorded in the General Fund. A portion of these costs is applicable to the administration and operation of the Sales Tax and Utility Funds.

For the Sales Tax Fund, in lieu of an administrative cost allocation, the City budgets a transfer of a portion of the sales tax revenues to the General Fund.

For the Utility Fund, the payment in lieu of taxes is made to the General Fund based on rates the General Fund would have charged a third party for the services provided. The rates are determined based on the current franchise and property millage tax rates.

10. INVENTORIES AND PREPAIDS

Inventories are valued at cost using the first in, first out (FIFO) method. Inventories in the governmental funds consist of materials and supplies held for consumption and are accounted for using the consumption method whereby individual items are recorded as expenditures when they are consumed. Inventories in the governmental funds are equally offset by a reservation of fund balance, which indicates that although inventories are a component of net current assets, they do not constitute "available spendable resources." Inventories in the proprietary funds consist of chemicals, repair materials, and spare parts. These inventories are also accounted for using the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. RESTRICTED ASSETS

Restricted assets on the balance sheet of the Sales Tax Fund represent amounts which are required to be maintained pursuant to the ordinances relating to the 1996 Public Improvement Bonds and Series 2003 Public Improvement Refunding Bonds (bond sinking fund and reserve fund, see Note E). A corresponding amount of fund balance is reserved as these monies are legally segregated for a specific future use.

Restricted investments on the balance sheet of the General Fund represent a certificate of deposit of \$275,000 required to be maintained and held by the Workers Compensation Fund (a State of Louisiana agency) as collateral against the City's self-insured portion of workers' compensation claims. A corresponding amount of fund balance is reserved as these monies are legally segregated for a specific future use. Restricted cash on the balance sheet of the General Fund totals \$962,087, of which \$844,850 represents cash received through grants and \$117,237 represents cash received through various law enforcement seizures that are restricted for future law enforcement activity.

Restricted assets on the balance sheet of the Utility Fund represent funds which are required to be maintained pursuant to ordinances relating to the Series 1996, 1996A and 2004 Utilities Revenue Bonds.

12. CAPITAL ASSETS

Capital assets, which include land and land improvements, buildings, equipment, and infrastructure assets (streets, roads, bridges, canals, and sewer and drainage systems), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major additions are capitalized as projects are constructed.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. CAPITAL ASSETS (CONTINUED)

Depreciation on all capital assets, excluding land and construction in progress, is calculated on the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Asset Life</u>
Land Improvements	7 to 20
Buildings and Building Improvements	20 to 50
Street system	10 to 20
Drainage system	20
Office Equipment	4 to 10
Machinery and Equipment	10
Vehicles	4
Bridges	25
Water system	20 to 50
Sewerage system	50

13. COMPENSATED ABSENCES

Vacation and sick leave benefits are based on the number of years of service and may be carried forward to subsequent years. However, upon retirement or termination, only 45 days earned vacation will be paid to policemen, and 30 days earned vacation will be paid to all other City employees. In addition, 45 days earned sick leave will be paid to policemen, and 30 days earned sick leave will be paid to all other City employees only upon retirement. Upon retirement unused and unpaid sick leave and vacation leave are converted to time served for retirement credit. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements.

In the fund financial statements, the governmental funds report a liability for compensated absences for the amount that has matured as a result of employee resignations and retirements.

14. LONG-TERM DEBT

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. LONG-TERM DEBT (CONTINUED)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

15. AD VALOREM TAXES

Ad valorem taxes are levied based on a calendar year. The tax is due and becomes an enforceable lien on the property when the tax bills are mailed in early December. Although the bill states the property taxes are due on December 31, penalties are assessed for any payment not received by January 15. Taxes are billed and collected by the St. Tammany Sheriff's Office, which receives a fee per property tax bill for its services. Property tax revenues are recognized when levied to the extent that they are determined to be currently collectible. Any unpaid taxes are collected in connection with a tax sale held in June.

16. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted for other purposes on the Statement of Net Assets consist of grant related cash and workers compensation investments.
- c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

NOTE B - CASH AND INVESTMENTS

As reflected in the Statement of Net Assets, the City had the following cash and investments as of June 30, 2004.

<u>Cash and Investments</u>	<u>Total</u>
Unrestricted	\$11,265,493
Restricted	<u>4,521,904</u>
	<u>\$15,787,397</u>

Deposits - Under State law the City may deposit funds with a fiscal agent bank located within the municipality and organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the City may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Bank deposits must be secured by federal depository insurance or the pledge of securities owned by the bank. The market value of the pledged securities must at all times equal or exceed 100% of the uninsured amount on deposit with the bank.

At June 30, 2004, the carrying amount of the City's cash and certificates of deposit was \$10,197,372 of which \$300,000 is classified as investments at June 30, 2004, and the bank balance was \$10,480,792. The difference is primarily due to outstanding checks. The entire bank balance was either covered by federal depository insurance or by collateral held by the City's third-party agent in the City's name (Category 1).

Investments - The City's investments are categorized below to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE B - CASH AND INVESTMENTS (CONTINUED)

and unregistered investments for which the securities are held by the financial institution, or by its trust department or agent, but not in the City's name balances at June 30, 2004 were as follows:

	<u>Category</u>			<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U. S. Government Securities	\$ 4,685,686	\$ -	\$ -	\$ 4,685,686
U. S. Government Agency Securities	904,338	-	-	904,338
Certificates of Deposit	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Total	<u>\$ 5,890,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,890,024</u>

Details on the types of investments authorized by the City are disclosed in Note A (7).

NOTE C – RETIREMENT PLANS

The City provides pension benefits for all of its full-time employees through two separate cost-sharing, multiple-employer public employee retirement systems. All full-time City employees, except police, are members in the Municipal Employees' Retirement System of the State of Louisiana (the Municipal System). All full-time police are members of the Municipal and State Police Retirement System of Louisiana (the Police System).

The City's total payroll cost, excluding benefits, was approximately \$11,223,000 for fiscal 2004. Also, police officers receive on-behalf payments of State Supplemental pay, which totaled \$298,148 for fiscal 2004. Contributions to these retirement systems were based on participating full-time employee earnings, which were approximately as follows for fiscal 2004:

Municipal System	\$5,900,000
Police System	<u>2,930,000</u>
Total	<u>\$8,830,000</u>

Municipal employees participating in the Municipal System are entitled to a retirement benefit at or after age 60 with 10 years of creditable service or at any age with 25 years of creditable service. The retirement benefit is generally three percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The system also provides death and disability benefits as well as a deferred retirement option. Benefits are established by state legislation. The Municipal System issues a publicly available financial report that includes the financial statements and required supplementary information for the Municipal System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Blvd, Baton Rouge, Louisiana, 70809.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE C – RETIREMENT PLANS (CONTINUED)

Police participating in the Police System for at least one year are eligible for normal retirement at or after age 50 with 20 years of creditable service, age 55 with 12 years creditable service or at any age with 25 years of creditable service. The retirement benefit is generally three and one-third percent of the members' average final compensation multiplied by his years of creditable service (not to exceed 100% of average final compensation). The system also provides death and disability benefits as well as a deferred retirement option. Benefits are established by State legislation. The Police System issues a publicly available financial report that includes the financial statements and required supplementary information for the Police System. That report may be obtained by writing to the Municipal and State Police Retirement System of Louisiana, 8401 United Plaza Building, Room 235, Baton Rouge, Louisiana, 70809.

State legislation has established the obligations of the City and its employees for contributions at 11.00% and 9.25% of employee earnings, respectively, for the Municipal System, as well as 15.25% and 7.50% of employee earnings, respectively, for the Police System. The contributions made by the City are greater than its obligations established by the State legislature in order to reduce employee contributions accordingly. The City contributed 20.25% of participating employee earnings to the Municipal System for 2004. The City's contributions to the Police System were 22.75% of the participating policemen's wages for 2004. The City's contributions to the Municipal System for the years ending June 30, 2004, 2003 and 2002 were approximately \$1,195,000, \$1,044,000, and \$893,000, respectively, equal to the required contribution for each year. The City's contributions to the Police System for the years ending June 30, 2004, 2003 and 2002 were approximately \$667,000, \$510,000, and \$479,000, respectively, equal to the required contribution for each year.

NOTE D - DEDICATED REVENUES

The City collects a two percent sales and use tax pursuant to two separate one percent tax propositions approved by the voters in November 1962 (fiscal 1963) and September 1986 (fiscal 1987). These revenues are dedicated for specific purposes and are accounted for in a separate Special Revenue Fund.

An inter-governmental agreement (known as the Sales Tax Enhancement Plan) was executed between the City and Sales Tax District #3 of St. Tammany Parish. The agreement targets all undeveloped commercial properties (within St. Tammany Parish) annexed into the City after November 4, 1986 and stipulates that the two percent sales and use tax derived from the subsequent development of such properties be split equally (after the City recovered approximately \$1,386,000 of costs relating to the extension of services to two retail developments) between the City and Sales Tax District M3 of St Tammany Parish. This agreement has a twenty-year life, expiring December 1, 2006. The City has entered into negotiations with St. Tammany Parish to renew this agreement.

Dedication of the 1963 tax, as amended, requires one half of all proceeds of the tax to be used first for debt service requirements and the costs for bonds issued for the purpose of constructing,

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE D - DEDICATED REVENUES (CONTINUED)

acquiring, or improving lands, buildings or other works of public improvement for the City, including equipment and furnishings thereof, title to which shall be in the public. The remaining dedicated revenue is to be used for constructing, acquiring or improving the aforementioned capital improvements. The proposition also provides for one half of the 1963 sales and use tax revenues to be undedicated. These undedicated revenues are available for general operations.

All of the proceeds of the 1987 tax, after paying the reasonable and necessary expenses of collecting and administering the tax, are dedicated to be used for purchasing, constructing, acquiring, extending, improving, maintaining, and/or operating public facilities, public works or capital improvements and paying the capital costs of police protection and public safety for the City or any sites, equipment and furnishings thereof. According to the voter-approved proposition, the City is further authorized to fund the proceeds of the tax into bonds for the above stated capital purposes.

Proceeds of both the 1963 and 1987 sales and use taxes serve as security for outstanding sales tax revenue bonds (see Note E).

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE E - LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2004:

	<u>Balance 6/30/03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/04</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds	\$10,465,000	\$2,725,000	\$(3,495,000)	\$9,695,000	\$955,000
Less: Deferred amounts					
For issuance discounts	-	(5,103)	851	(4,252)	(851)
Sales Tax Revenue Bonds	14,277,375	13,360,000	(14,352,375)	13,285,000	2,130,000
Less: Deferred amounts					
For issuance Premiums		183,651	(13,118)	170,533	13,118
On refunding		(755,209)	53,943	(701,266)	(53,943)
Certificate of Indebtedness	925,000	-	(925,000)	-	-
Compensated Absences (Note A)	1,558,000	560,421	(471,421)	1,647,000	470,000
Capital Lease Obligation	-	1,375,000	-	1,375,000	113,916
LCDA Loan	4,431,100	181,000	(210,200)	4,401,900	231,400
Claims and Judgments	<u>1,171,183</u>	<u>4,052,280</u>	<u>(3,915,463)</u>	<u>1,308,000</u>	<u>975,000</u>
<i>Total Government Activities</i>	<u>32,827,658</u>	<u>21,677,040</u>	<u>(23,327,783)</u>	<u>31,176,915</u>	<u>4,833,640</u>
Business-Type Activities					
Utility Revenue Bonds	5,080,000	50,937	(280,000)	4,850,937	345,937
Compensated Absences (Note A)	268,712	100,327	(75,039)	294,000	75,000
Equipment Leases	<u>94,926</u>	<u>-</u>	<u>(52,986)</u>	<u>41,940</u>	<u>41,940</u>
<i>Total Business-Type Activities</i>	<u>5,443,638</u>	<u>151,264</u>	<u>(408,025)</u>	<u>5,186,877</u>	<u>462,877</u>
Total Governmental and Business-Type Activities	<u>\$38,271,296</u>	<u>\$21,828,304</u>	<u>\$(23,735,808)</u>	<u>\$36,363,792</u>	<u>\$5,296,517</u>

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE E - LONG-TERM DEBT (CONTINUED)

Details on the City's long-term debt as of June 30, 2004 are as follows:

General Obligation Bonds secured by ad valorem taxes:

Refunding Bonds, Series 2004, bearing interest from 1.15% to 2.50%, payable annually through 2009	\$ 2,725,000
Drainage Bonds, Series 1996, bearing interest from 4.3% to 5.0%, payable annually through 2016	<u>6,970,000</u> <u>\$ 9,695,000</u>

Sales Tax Bonds secured by sales and use taxes:

Public Improvement Refunding Bonds, Series 2003, secured by a lien and irrevocable pledge of the proceeds of the City's one percent sales and use tax levied in 1986 bearing interest from 2.0% to 5.0%, payable annually through 2017	11,980,000
Public Improvement Bonds, Series ST-1996, secured by a lien and irrevocable pledge of the proceeds of the City's one percent sales and use tax levied in 1987 bearing interest from 5.0% to 7.0%, payable annually through 2017	<u>1,305,000</u> <u>\$13,285,000</u>
Louisiana Community Development Authority loan ("LCDA"), Series 1991, secured by a pledge of all lawfully available funds, bearing interest at a variable rate (2.07% at 6/30/04), payable annually through 2016	<u>\$ 4,401,900</u>

Utility Revenue Bonds, secured:

Utility Revenue Bonds, Series 1996, secured by revenues of the Utility Fund, bearing interest from 4.6% to 5.5% payable annually through 2016	\$ 1,830,000
Utility Revenue Bonds, Series 1996A, secured by revenues of the Utility Fund, bearing interest at 3.95%, payable annually through 2017	2,970,000
Utility Revenue Bonds, Series 2004, secured by revenues of the Utility Fund, bearing interest at 3.95%, payable annually through 2024	<u>50,937</u> <u>\$ 4,850,937</u>

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE E - LONG-TERM DEBT (CONTINUED)

The annual requirements to maturity for general obligation bonds as of June 30, 2004 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 955,000	\$ 391,402
2006	980,000	365,680
2007	1,020,000	337,295
2008	1,060,000	305,015
2009	1,105,000	268,974
2010-2014	3,075,000	853,750
2015-2019	1,500,000	113,750
	<u>\$ 9,695,000</u>	<u>\$ 2,635,866</u>

The annual requirements to maturity for sales tax bonds as of June 30, 2004 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 2,130,000	\$ 405,640
2006	1,605,000	347,640
2007	1,665,000	302,140
2008	1,235,000	251,193
2009	1,245,000	204,630
2010-2014	3,600,000	572,605
2015-2017	1,805,000	99,172
	<u>\$ 13,285,000</u>	<u>\$ 2,183,020</u>

The annual requirements to maturity for the Louisiana Community Development Authority ("LCDA") loan as of June 30, 2004 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 231,400	\$ 116,048
2006	243,600	109,589
2007	246,600	102,995
2008	260,600	96,199
2009	280,600	88,897
2010-2014	1,632,000	320,614
2015-2018	1,507,100	79,782
	<u>\$ 4,401,900</u>	<u>\$ 914,124</u>

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE E - LONG-TERM DEBT (CONTINUED)

The annual requirements to maturity for utility revenue bonds as of June 30, 2004 are as follows:

Year ending June 30,	Principal	Interest
2005	\$ 345,937	\$ 217,237
2006	305,000	204,607
2007	320,000	191,421
2008	330,000	176,780
2009	350,000	161,665
2010-2014	1,985,000	553,933
2015-2018	1,215,000	98,709
	\$ 4,850,937	\$ 1,604,352

At June 30, 2004, the following amounts are considered available for the retirement of general long-term debt:

Sales Tax Fund	\$ 2,293,041
Debt Service Fund	1,277,292
	\$ 3,570,333

In accordance with the Revised Statutes of the State of Louisiana, aggregate debt payable solely from ad valorem taxes for each specific purpose shall not exceed 35% of total assessed valuation of taxable property. As of June 30, 2004, the City was in compliance with these statutes.

Pursuant to the Revenue Bond Resolution the 1996 and 2003 series Public Improvement Bond ordinances, and Utility Revenue Bonds, Series 1996, 1996A and 2004, certain assets of the Special Revenue and Enterprise Funds are restricted (see Note A). As of June 30, 2004, the City is in substantial compliance with the restrictive covenants of its debt agreements, including federal arbitrage regulations.

On August 1, 2003, the City issued \$13,360,000 of Public Improvement Sales Tax Refunding Bonds, Series 2003. The proceeds of the bonds, together with cash from existing reserve and sinking funds of \$2,941,408 were used to refund Recreation Bonds, Series 1980, Public Improvement Bonds, Series 1987 and 1988, Public Improvement Refunding Bonds, Series 1993A and Certificates of Indebtedness, Series 1995. In addition, funds were placed in an irrevocable trust to advance refund Public Improvement Refunding Bonds, Series 1993B and to partially advance refund (\$5,535,000) Public Improvement Bonds, Series 1996. Accordingly the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The City achieved a cash flow difference of \$921,930 and an economic gain of approximately \$600,771 as a result of the refunding. At June 30, 2004 \$9,235,000 sales tax bonds outstanding are considered defeased.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE E - LONG-TERM DEBT (CONTINUED)

On March 30, 2004, the City issued \$2,725,000 of General Obligation Refunding Bonds, Series 2004. The proceeds of the bonds were used to refund the General Obligation Refunding Bonds, Series 1994. The City achieved a cash flow difference of \$194,682 and an economic gain of approximately \$184,715 as a result of the refunding. At June 30, 2004, \$2,640,000 general obligation bonds outstanding are considered defeased.

On March 25, 2004, the City entered into a loan and pledge agreement with the Louisiana Department of Environmental Quality (DEQ) Loan No. 22-1136-02. The purpose of the loan is to pay a portion of the cost of constructing improvements to the wastewater treatment plant of the City. Under the terms of the agreement, the DEQ, through its Municipal Facilities Revolving Loan Fund, will loan the City an amount not to exceed \$4,100,000. Upon completion of the project (currently expected to be in September 2005), the actual amount borrowed will be determined and the City will issue Utility Revenue Notes to evidence the debt as authorized by ordinance No. 3173. The bonds will be payable over a 20 year period and will bear an interest rate of 3.95 percent. As of June 30, 2004, \$50,937 has been drawn down on the loan. This amount is recorded as a liability in the financial statements of the Utility enterprise Fund. Under the terms of the agreement, the City is subject to compliance with certain provisions and covenants. As of June 30, 2004, the City is in compliance with all significant provisions and covenants.

Capital Leases

Governmental Activities

The City has entered into a capital lease for the lease/purchase of a police communications system, which has been recorded in the Sales Tax Fund. The lease requires ten yearly payments of \$170,497 beginning in September 2004. At the conclusion of the lease on September 9, 2013, the title to the equipment will be transferred to the City. The amounts recorded as construction in progress in Note H is \$1,331,065.

Business-Type Activities

The City has entered into a capital lease for the lease/purchase of a vacuum truck, which has been recorded in the Utility Fund. The lease requires five yearly payments of \$44,157 beginning in December 2000. At the conclusion of the lease on December 15, 2004, the title to the equipment will be transferred to the City. The lease has been recorded at the present value of the future minimum lease payments as of the inception dates. The amounts recorded as machinery and equipment in the Utility Fund is \$199,700.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE E - LONG-TERM DEBT (CONTINUED)

The following is a summary of the annual requirements of the capital leases as of June 30, 2004.

<u>Year End</u> <u>June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2005	\$ 170,497	\$ 44,157
2006	170,497	-
2007	170,497	-
2008	170,497	-
2009	170,497	-
2010-2014	<u>852,485</u>	<u>-</u>
	1,709,970	44,157
Less amount representing interest	<u>329,970</u>	<u>2,215</u>
	<u>\$ 1,375,000</u>	<u>\$ 41,941</u>

NOTE F - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds

Due to/from other funds at June 30, 2004 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 50,160
Sales Tax Fund	General Fund	2,931,896
Debt Service Fund	General Fund	51,748
Nonmajor Governmental Funds	General Fund	1,242,105
Utilities Fund	General Fund	2,196,897
Airport Fund	General Fund	74,086
Agency Funds	General Fund	<u>105,169</u>
Total		<u>\$ 6,652,061</u>

The above due to/from other funds were short-term receivables or payables in the normal course of the City's operations.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE F - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS
(CONTINUED)

A summary of the interfund transfers at June 30, 2004 are as follows:

	Transfer In:					
	General Fund	Sales Tax Fund	Debt Service Fund	Enterprise Funds	Nonmajor Governmental	Total
Transfer Out:						
General Fund	\$ -	\$ -	\$ -	\$ 59,731	\$ -	\$ 59,731
Debt Service Fund	-	1,901,699	-	-	-	1,901,699
Sales Tax Fund	<u>4,408,444</u>	<u>-</u>	<u>5,348,993</u>	<u>127,612</u>	<u>215,928</u>	<u>10,100,977</u>
Total	<u>\$ 4,408,444</u>	<u>\$ 1,901,699</u>	<u>\$ 5,348,993</u>	<u>\$ 187,343</u>	<u>\$ 215,928</u>	<u>\$ 12,062,407</u>

Transfers are primarily used to move funds from:

- The Sales Tax Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.
- The General Fund to the Utility Fund to satisfy bond covenants to provide \$25 for maintenance of each fire hydrant.
- The Debt Service Fund to the Sales Tax Fund for sales tax refunding bond reserves and sinking funds.

NOTE G - ALLOWANCE FOR DOUBTFUL ACCOUNTS

The water, sewerage and garbage receivable balance of \$720,716 in the Utilities fund is net of an allowance for doubtful accounts of \$236,008.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE H – CAPITAL ASSETS

A summary of changes in governmental fund type fixed assets for the year ended June 30, 2004 is as follows:

	<u>June 30, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Completed Construction</u>	<u>June 30, 2004</u>
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 9,604,227	\$ 320,000	\$ -	\$ -	\$ 9,924,227
Construction-in-progress	<u>699,691</u>	<u>1,514,082</u>	<u>-</u>	<u>(525,434)</u>	<u>1,688,339</u>
Total capital assets not being depreciated	<u>10,303,918</u>	<u>1,834,082</u>	<u>-</u>	<u>(525,434)</u>	<u>11,612,566</u>
Capital assets being depreciated:					
Buildings and building improvements					
improvements	22,771,537	115,337	-	47,475	22,934,349
Land improvements	6,167,864	180,141	-	46,022	6,394,027
Street system	42,524,830	643,364	-	-	43,168,194
Drainage system	27,272,804	820,044	-	233,422	28,326,270
Office equipment	1,819,726	92,869	(33,654)	-	1,878,941
Machinery and equipment	2,983,553	275,010	(8,203)	198,515	3,448,875
Vehicles	4,331,715	539,960	(304,506)	-	4,567,169
Bridges	<u>404,993</u>	<u>52,529</u>	<u>-</u>	<u>-</u>	<u>457,522</u>
Total capital assets being depreciated	<u>108,277,022</u>	<u>2,719,254</u>	<u>(346,363)</u>	<u>525,434</u>	<u>111,175,347</u>
Less accumulated depreciation for:					
Buildings and building improvements					
improvements	6,746,896	548,239	-	-	7,295,135
Land improvements	1,549,980	504,315	-	-	2,054,295
Street system	27,923,471	1,858,359	-	-	29,781,830
Drainage system	12,465,397	1,046,271	-	-	13,511,668
Office equipment	1,316,114	182,896	(32,173)	-	1,466,837
Machinery and equipment	1,549,872	271,627	(16)	-	1,821,483
Vehicles	3,056,536	612,017	(295,183)	-	3,373,370
Bridges	<u>251,623</u>	<u>11,034</u>	<u>-</u>	<u>-</u>	<u>262,657</u>
Total accumulated depreciation	<u>54,859,889</u>	<u>5,034,758</u>	<u>(327,372)</u>	<u>-</u>	<u>59,567,275</u>
Total capital assets being depreciated, net	<u>53,417,133</u>	<u>(2,315,504)</u>	<u>(18,991)</u>	<u>525,434</u>	<u>51,608,072</u>
Governmental Activities capital assets, net	<u>\$63,721,051</u>	<u>\$ (\$481,422)</u>	<u>\$ (\$18,991)</u>	<u>\$ -</u>	<u>\$ 63,220,638</u>

Construction-in-progress primarily consists of street and drainage and building improvements which are financed by general obligation bonds, sales tax revenues and sales tax bonds, CDBG and City capital fund monies.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE H – CAPITAL ASSETS (CONTINUED)

A summary of changes in proprietary fund type fixed assets as of June 30, 2004 follows:

	<u>June 30, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Completed Construction</u>	<u>June 30, 2004</u>
Business-Type Activities					
Capital assets not being depreciated:					
Land	\$ 75,658	\$ -	\$ -	\$ -	\$ 75,658
Construction-in-progress	<u>1,688,227</u>	<u>2,251,940</u>	<u>-</u>	<u>(1,314,959)</u>	<u>2,625,208</u>
Total capital assets not being depreciated	<u>1,763,885</u>	<u>2,251,940</u>	<u>-</u>	<u>(1,314,959)</u>	<u>2,700,866</u>
Capital assets being depreciated:					
Buildings and building improvements					
	553,260	6,417	-	-	559,677
Land improvements	4,370,108	5,525	-	446,872	4,822,505
Water system	20,036,236	389,525	-	65,725	20,491,486
Sewerage system	33,379,602	300,201	-	689,758	34,369,561
Office Equipment	315,408	65,608	(7,452)	112,604	486,168
Vehicles	938,967	56,576	-	-	995,543
Machinery and equipment	<u>1,817,314</u>	<u>64,937</u>	<u>(20,101)</u>	<u>-</u>	<u>1,862,150</u>
Total capital assets being depreciated	<u>61,410,895</u>	<u>888,789</u>	<u>(27,553)</u>	<u>1,314,959</u>	<u>63,587,090</u>
Less accumulated depreciation for:					
Buildings and building improvements					
	110,585	17,042	-	-	127,627
Land improvements	2,028,803	152,371	-	-	2,181,174
Water system	9,981,577	461,492	-	-	10,443,069
Sewerage system	9,032,124	710,973	-	-	9,743,097
Office Equipment	116,118	50,960	(5,971)	-	161,107
Vehicles	762,387	105,185	-	-	867,572
Machinery and equipment	<u>1,121,579</u>	<u>124,955</u>	<u>(17,513)</u>	<u>-</u>	<u>1,229,021</u>
Total accumulated depreciation	<u>23,153,173</u>	<u>1,622,978</u>	<u>(23,484)</u>	<u>-</u>	<u>24,752,667</u>
Total capital assets being depreciated, net	<u>38,257,722</u>	<u>(734,189)</u>	<u>(4,069)</u>	<u>1,314,959</u>	<u>38,834,423</u>
Business-Type Activities capital assets, net	<u>\$ 40,021,607</u>	<u>\$ 1,517,751</u>	<u>\$ (4,069)</u>	<u>\$ -</u>	<u>\$ 41,535,289</u>

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE H – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 199,734
Public works	3,833,699
Public safety	616,546
Parks and recreation	350,879
Judicial system	<u>33,900</u>
Total depreciation expense – governmental activities	<u>\$ 5,034,758</u>
Business-type activities:	
Utilities	\$ 1,470,050
Airport	<u>152,928</u>
Total depreciation expense – business-type activities	<u>\$ 1,622,978</u>

NOTE I – COMMITMENTS

The local electric company owns and leases to the City certain street lighting facilities. In 1986 the City renegotiated the lease agreement, which expired in December 2001 but automatically renews for one-year intervals until cancelled. The City has no intention of canceling this lease at this time. The total amount paid by the City in 2004 for street lighting under this agreement was approximately \$389,000.

Effective, May 1, 2004 City has a new contract with a sanitation disposal company to provide garbage collection and recycling services to City residents. This contract, which expires June 30, 2009, requires the City to pay a monthly fee of \$13.14 per household for service. The City in turn bills a monthly fee of approximately \$7.22 per household and collects a 5 mill property tax for garbage collection in accordance with the voter-approved proposition. The City paid approximately \$244,000 for two months sanitation services under this contract in 2004.

NOTE J – CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The City is a defendant in a number of claims and lawsuits resulting principally from personal injury, property damage, and construction claims. The City Attorney and the outside administrator has reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if any, of the amount or range of potential loss to the City. As a result of such review, the various claims and lawsuits have been

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE J – CONTINGENT LIABILITIES (CONTINUED)

categorized into “probable,” “reasonably possible,” and “remote” contingencies, as defined in National Council on Governmental Accounting Statement 4 for Claims and Judgments. The City’s “reasonably possible” loss contingencies at June 30, 2004 approximate \$80,000 to \$110,000.

NOTE K – RISK MANAGEMENT

The City is exposed to various risks of loss related to thefts of, damage to, and destruction of assets, errors and omissions, negligent acts of law enforcement officials and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims did not exceed insurance coverage for fiscal years ended June 30, 2004, 2003 and 2002.

The City is also self-insured with excess coverage in these areas: (a) workers’ compensation with a \$275,000 retention and statutory limit on coverage, (b) general liability with a \$50,000 retention per occurrence and a \$1,000,000 limit per occurrence and \$2,000,000 aggregate limit on coverage, (c) auto liability with a \$50,000 retention per accident and a \$1,000,000 per occurrence. The City also has an aggregate limit of \$3,000,000 for workers’ compensation claims and an annual stop loss of \$375,000 for general liability and auto liability combined. The City is self-insured for employee medical insurance with a \$50,000 retention per individual and an aggregate stop loss of \$2,756,000.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE K – RISK MANAGEMENT (CONTINUED)

The City uses the General Fund to account for self-insured risk financing activities. The liability for claims in excess of amounts payable with expendable available resources is recorded in the governmental activities in the Statement of Net Assets. The Sales Tax Fund, Regional Training Facility Fund and the Enterprise Funds make contributions to the General Fund for claims. Estimated losses from claims are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The expenditure and liability includes an amount for claims that have been incurred but not yet reported. The liability for claims is based on the estimated ultimate cost of settling the claims using past experience adjusted for current trend. Changes in the claims liability amounts are as follows:

	<u>Automobile/ General Liability</u>	<u>Workers Compensation</u>	<u>Employee Health/ Dental</u>	<u>Total</u>
Balance, June 30, 2002	\$ 560,470	\$ 353,406	\$ 50,359	\$ 964,235
Claims and changes in estimates	268,573	199,632	3,366,912	3,835,117
Claim payments	<u>(214,940)</u>	<u>(256,059)</u>	<u>(3,157,170)</u>	<u>(3,628,169)</u>
Balance, June 30, 2003	614,103	296,979	260,101	1,171,183
Claims and changes in estimates	(193,598)	251,323	3,994,555	4,052,280
Claim payments	<u>(100,505)</u>	<u>(235,302)</u>	<u>(3,579,656)</u>	<u>(3,915,463)</u>
Balance, June 30, 2004	<u>\$ 320,000</u>	<u>\$ 313,000</u>	<u>\$ 675,000</u>	<u>\$1,308,000</u>

NOTE L – OTHER POST EMPLOYMENT BENEFITS

In addition to the retirement benefits described in Note C, City policy allows the City to make available health care benefits to all employees who retire from the City and are receiving benefits from a City sponsored retirement program. Currently, 70 retirees of the City meet these requirements and are participating. The City paid \$680,000 into the City's self-funded medical plan on behalf of retirees in fiscal year 2004.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE M – DEFICIT FUND BALANCE

The following fund had a deficit fund balance at June 30, 2004:

DEFICIT FUND BALANCE

Capital Projects:

Public Works Improvement Fund	<u>\$10,062</u>
-------------------------------	-----------------

The deficit in the Capital Projects Fund is the result of a timing difference. The fund deficit will be reduced through a drawdown on the LCDA loan pool.

(THIS PAGE LEFT BLANK INTENTIONALLY)

REQUIRED SUPPLEMENTARY INFORMATION

(THIS PAGE LEFT BLANK INTENTIONALLY)

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
Year Ended June 30, 2004

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Ad valorem	\$ 1,617,000	\$ 1,617,000	\$ 1,693,166	\$ 76,166
Franchise	1,291,000	1,291,000	1,500,117	209,117
Licenses and permits	1,600,000	1,600,000	1,936,449	336,449
Intergovernmental revenues:				
State revenue sharing	65,000	65,000	76,643	11,643
Other Federal/State grants	13,000	13,000	19,482	6,482
Other state and local governmental revenues	100,800	100,800	100,800	-
Payment in lieu of taxes	530,000	530,000	530,000	-
Fines and forfeitures	160,000	160,000	205,600	45,600
Other revenue, primarily interest	180,000	325,000	355,167	30,167
Total Revenues	<u>5,556,800</u>	<u>5,701,800</u>	<u>6,417,424</u>	<u>860,624</u>
Expenditures				
General government:				
Administrative	460,310	470,183	464,635	5,548
Finance	536,415	545,464	544,337	1,127
Legal	273,305	297,100	296,955	145
Data processing	249,445	252,838	247,023	5,815
Purchasing	258,029	262,830	262,536	294
Civil service	212,432	214,557	209,404	5,153
Legislative	517,582	518,242	494,715	23,527
Animal control	305,405	312,381	308,561	3,820
Risk management	676,543	719,096	711,773	7,323
	<u>3,489,466</u>	<u>3,592,691</u>	<u>3,539,939</u>	<u>52,752</u>
Public works				
Permits	460,060	474,169	473,858	311
Planning	232,267	237,799	236,227	1,572
	<u>692,327</u>	<u>711,968</u>	<u>710,085</u>	<u>1,883</u>
Public safety				
Police	6,248,889	6,298,333	6,195,537	102,796
Judicial system	<u>264,900</u>	<u>269,365</u>	<u>265,219</u>	<u>4,146</u>
Total Expenditures	<u>\$ 10,695,582</u>	<u>\$ 10,872,357</u>	<u>\$ 10,710,780</u>	<u>\$ 161,577</u>

(continued)

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
Year Ended June 30, 2004

	Budgetary Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 1,617,000	\$ 1,617,000	\$ 1,693,166	\$ 76,166
Franchise	1,291,000	1,291,000	1,500,117	209,117
Licenses and permits	1,600,000	1,600,000	1,936,449	336,449
Intergovernmental revenues:				
State revenue sharing	65,000	65,000	76,643	11,643
Other Federal/State grants	13,000	13,000	19,482	6,482
Other state and local governmental revenues	100,800	100,800	100,800	-
Payment in lieu of taxes	530,000	530,000	530,000	-
Fines and forfeitures	160,000	160,000	205,600	45,600
Other revenue, primarily interest	180,000	325,000	355,167	30,167
Total Revenues	5,556,800	5,701,800	6,417,424	860,624
Expenditures				
General government:				
Administrative	460,310	470,183	464,635	5,548
Finance	536,415	545,464	544,337	1,127
Legal	273,305	297,100	296,955	145
Data processing	249,445	252,838	247,023	5,815
Purchasing	258,029	262,830	262,536	294
Civil service	212,432	214,557	209,404	5,153
Legislative	517,582	518,242	494,715	23,527
Animal control	305,405	312,381	308,561	3,820
Risk management	676,543	719,096	711,773	7,323
	<u>3,489,466</u>	<u>3,592,691</u>	<u>3,539,939</u>	<u>52,752</u>
Public works				
Permits	460,060	474,169	473,858	311
Planning	232,267	237,799	236,227	1,572
	<u>692,327</u>	<u>711,968</u>	<u>710,085</u>	<u>1,883</u>
Public safety				
Police	6,248,889	6,298,333	6,195,537	102,796
Judicial system	264,900	269,365	265,219	4,146
Total Expenditures	\$ 10,695,582	\$ 10,872,357	\$ 10,710,780	\$ 161,577

(continued)

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE ACTUAL AND BUDGET (BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
Year Ended June 30, 2004

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,138,782)	\$ (5,170,557)	\$ (4,293,356)	\$ 877,201
Other Financing Sources (Uses)				
Transfers in	5,167,532	4,408,444	4,408,444	-
Transfers out	(28,750)	(59,731)	(59,731)	-
Proceeds from the sale of fixed assets	-	-	29,381	29,381
Total Other Financing Sources (Uses)	5,138,782	4,348,713	4,378,094	29,381
Net Change in Fund Balance	-	(821,844)	84,738	906,582
Fund Balances, Beginning of Year	3,165,993	3,165,993	3,165,993	-
Fund Balances, End of Year	\$ 3,165,993	\$ 2,344,149	\$ 3,250,731	\$ 906,582

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE BUDGET AND ACTUAL (BUDGETARY BASIS)
SALES TAX FUND
Year Ended June 30, 2004

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Sales	\$ 15,776,000	\$ 16,503,000	\$ 17,387,481	\$ 884,481
Ad valorem	340,000	340,000	355,695	15,695
Grants and Donations	-	7,658,857	1,770,311	(5,888,546)
Other revenue	154,000	154,000	119,633	(34,367)
Total Revenues	<u>16,270,000</u>	<u>24,655,857</u>	<u>19,633,120</u>	<u>(5,022,737)</u>
Expenditures				
General government:				
Administrative	1,666,270	1,811,977	1,811,613	364
Cultural Affairs	203,937	208,948	205,121	3,827
Public Information	21,800	21,800	21,280	520
	<u>1,892,007</u>	<u>2,042,725</u>	<u>2,038,014</u>	<u>4,711</u>
Public works				
Streets, bridges and drainage	2,408,533	2,620,819	2,614,877	5,942
Engineering	467,040	475,564	475,506	58
Electrical	233,367	207,153	205,996	1,157
General maintenance	305,286	340,600	329,911	10,689
Vehicle maintenance	421,996	437,606	421,802	15,804
	<u>3,836,222</u>	<u>4,081,742</u>	<u>4,048,092</u>	<u>33,650</u>
Parks and recreation	932,239	954,394	925,935	28,459
Capital Outlay	<u>1,004,729</u>	<u>13,361,947</u>	<u>5,453,827</u>	<u>7,908,120</u>
Total Expenditures	<u>\$ 7,665,197</u>	<u>\$ 20,440,808</u>	<u>\$ 12,465,868</u>	<u>\$ 7,974,940</u>

(continued)

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE ACTUAL AND BUDGET (BUDGETARY BASIS)
SALES TAX FUND (CONTINUED)
Year Ended June 30, 2004

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,604,803</u>	<u>\$ 4,215,049</u>	<u>\$ 7,167,252</u>	<u>\$ 2,952,203</u>
Other Financing Sources (Uses)				
Transfers in	-	1,901,699	1,901,699	-
Transfers out	(8,604,803)	(10,255,222)	(10,100,977)	154,245
Lease Proceeds	-	1,375,000	1,375,000	-
Total Other Financing Sources (Uses)	<u>(8,604,803)</u>	<u>(6,978,523)</u>	<u>(6,824,278)</u>	<u>154,245</u>
Net Change in Fund Balance	-	(2,763,474)	342,974	3,106,448
Fund Balances, Beginning of Year	<u>6,640,300</u>	<u>6,640,300</u>	<u>6,640,300</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 6,640,300</u>	<u>\$ 3,876,826</u>	<u>\$ 6,983,274</u>	<u>\$ 3,106,448</u>

OTHER SUPPLEMENTARY INFORMATION

(THIS PAGE LEFT BLANK INTENTIONALLY)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

Regional Training Facility – accounts for the normal recurring activities of the police training facility.

Community Development Block Grant – accounts for the proceeds of entitlement grants received from the Department of Housing and Urban Development.

CAPITAL PROJECTS FUNDS

Capital Projects funds account for the purchase, construction and renovation of the City's major capital facilities. Their resources are derived principally from proceeds of general obligation or sales tax bonds, certificates of indebtedness and U.S. Government and other agencies grants.

Public Works Improvement Fund – was established to account for renovations and replacement of City streets and drainage.

City Capital Construction Fund – was established to account for monies received from an outside agency and proceeds from the sales of City property.

(THIS PAGE LEFT BLANK INTENTIONALLY)

**CITY OF SLIDELL, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2004**

	Special Revenue			Capital Projects			Total Nonmajor Governmental Funds
	Regional Training Facility	Community Development Block Grant	Total	Public Works Improvement	City Capital Construction	Total	
ASSETS							
Current assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Receivables - Taxes	-	-	-	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-	-	-
Other Receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
U.S. Government	-	40,109	40,109	-	11,880	11,880	51,989
State of Louisiana	-	-	-	-	-	-	-
Local entities	-	-	-	-	-	-	-
Due from Other Funds	74,416	-	74,416	-	1,167,689	1,167,689	1,242,105
Total Assets	\$ 74,416	\$ 40,109	\$ 114,525	\$ -	\$ 1,179,569	\$ 1,179,569	\$ 1,294,094
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued expenditures	\$ 3,246	\$ 12	\$ 3,258	\$ -	\$ 43,262	\$ 43,262	\$ 46,520
Due to Other Funds	-	40,097	40,097	10,062	-	10,062	50,159
Total Liabilities	3,246	40,109	43,355	10,062	43,262	53,324	96,679
Fund balances (Deficit)							
Unreserved:							
Designated for							
Training academy	71,170	-	71,170	-	-	-	71,170
Capital Outlay	-	-	-	-	1,136,307	1,136,307	1,136,307
Unreserved, undesignated	-	-	-	(10,062)	-	(10,062)	(10,062)
Total Fund Balances (Deficit)	71,170	-	71,170	(10,062)	1,136,307	1,126,245	1,197,415
Total Liabilities and Fund Balances	\$ 74,416	\$ 40,109	\$ 114,525	\$ -	\$ 1,179,569	\$ 1,179,569	\$ 1,294,094

The accompanying notes are an integral part of this statement.

CITY OF SLIDELL, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2004

	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
	Regional Training Facility	Community Development Block Grant	Public Works Improvement	City Capital Construction	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal/state grants	2,750	-	-	11,879	14,629
HUD grants	-	45,795	-	-	45,795
Other state and local revenues	-	-	-	1,644,051	1,644,051
Other revenues, primarily interest and tuition	59,950	-	-	-	59,950
Total Revenues	62,700	45,795	108,495	1,655,930	1,764,425
EXPENDITURES					
General government	285,134	4,380	289,514	-	289,514
Capital outlay	-	41,415	180,797	530,107	752,319
Total Expenditures	285,134	45,795	330,929	530,107	1,041,833
Excess (Deficiency) of Revenues Over Expenditures	(222,434)	-	(222,434)	1,125,823	722,592
OTHER FINANCING SOURCES (USES)					
Transfers in	215,928	-	215,928	-	215,928
Loan proceeds	-	-	181,000	-	181,000
Total Other Financing Sources and Uses	\$ 215,928	\$ -	\$ 181,000	\$ -	\$ 396,928

CITY OF SLIDELL, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
June 30, 2004

	Special Revenue		Public Works Improvement		Capital Projects		Total Nonmajor Governmental Funds
	Regional Training Facility	Community Development Block Grant	Total	City Capital Construction	Total	Total	
Net Change in Fund Balance	\$ (6,506)	\$ -	\$ (6,506)	\$ 203	\$ 1,125,823	\$ 1,126,026	\$ 1,119,520
Fund Balances, Beginning of Year	<u>77,676</u>	-	<u>77,676</u>	<u>(10,265)</u>	<u>10,484</u>	<u>219</u>	<u>77,895</u>
Fund Balances, End of Year	<u>\$ 71,170</u>	<u>\$ -</u>	<u>\$ 71,170</u>	<u>\$ (10,062)</u>	<u>\$ 1,136,307</u>	<u>\$ 1,126,245</u>	<u>\$ 1,197,415</u>

The accompanying notes are an integral part of this statement.

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ACTUAL AND BUDGET (BUDGETARY BASIS)
REGIONAL PLANNING FACILITY FUND
Year Ended June 30, 2004

	Budgetary Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	2,750	2,750
Other state and local revenues	-	-	-	-
Primarily Tuition	48,000	48,000	59,950	11,950
Total Revenues	<u>48,000</u>	<u>48,000</u>	<u>62,700</u>	<u>14,700</u>
Expenditures				
Administrative	261,582	290,928	285,134	5,794
Capital Outlay	-	-	-	-
Total Expenditures	<u>261,582</u>	<u>290,928</u>	<u>285,134</u>	<u>5,794</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(213,582)</u>	<u>(242,928)</u>	<u>(222,434)</u>	<u>20,494</u>
Other Financing Sources (Uses)				
Transfers in	213,582	215,928	215,928	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>213,582</u>	<u>215,928</u>	<u>215,928</u>	<u>-</u>
Net Change in Fund Balance	-	(27,000)	(6,506)	20,494
Fund Balances, Beginning of Year	<u>77,676</u>	<u>77,676</u>	<u>77,676</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 77,676</u>	<u>\$ 50,676</u>	<u>\$ 71,170</u>	<u>\$ 20,494</u>

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ACTUAL AND BUDGET (BUDGETARY BASIS)
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
Year Ended June 30, 2004

	Budgetary Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	234,000	295,188	45,795	(249,393)
Other state and local revenues	-	-	-	-
Other revenue, primarily interest and tuition	-	-	-	-
Total Revenues	<u>234,000</u>	<u>295,188</u>	<u>45,795</u>	<u>(249,393)</u>
Expenditures				
General government	11,000	8,661	4,380	4,281
Capital Outlay	223,000	286,527	41,415	245,112
Total Expenditures	<u>234,000</u>	<u>295,188</u>	<u>45,795</u>	<u>249,393</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

FIDUCIARY FUNDS

AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations and/or other funds.

Christmas Under the Stars Fund – this fund is used to promote Christmas programs.

Olde Towne Development – this fund is used to promote the revitalization of the downtown area of Slidell.

Animal Assistance League of Slidell – this fund is used for the care and protection of stray animals.

Green Fund – is used to account for the Slidell Heritage Green and Beautiful Committee.

(THIS PAGE LEFT BLANK INTENTIONALLY)

CITY OF SLIDELL, LOUISIANA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
/ June 30, 2004

	Agency Funds				Total
	Christmas Under The Stars	Old Towne Development	Animal Assistance League of Slidell	Green	
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 1,050	\$ 78	\$ 1,128
Restricted cash	-	-	45,597	-	45,597
Due from General Fund	42,778	226	61,852	313	105,169
Total assets	\$ 42,778	\$ 226	\$ 108,499	\$ 391	\$ 151,894
Liabilities					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 60	\$ -	\$ 60
Due to local entities	42,778	226	108,439	391	151,834
Total liabilities	\$ 42,778	\$ 226	\$ 108,499	\$ 391	\$ 151,894

The accompanying notes are an integral part of this statement.

CITY OF SLIDELL, LOUISIANA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2004

CHRISTMAS UNDER THE STARS

	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash	-	-	-	-
Due from General Fund	34,502	15,960	7,684	42,778
Total assets	\$ 34,502	\$ 15,960	\$ 7,684	\$ 42,778
Liabilities				
Liabilities				
Accounts payable	\$ 2,718	\$ 4,967	\$ 7,685	\$ -
Due to local entities	31,784	15,960	4,966	42,778
Total liabilities	\$ 34,502	\$ 20,927	\$ 12,651	\$ 42,778

OLD TOWNE DEVELOPMENT

	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash	-	-	-	-
Due from General Fund	226	-	-	226
Total assets	\$ 226	\$ -	\$ -	\$ 226
Liabilities				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to local entities	226	-	-	226
Total liabilities	\$ 226	\$ -	\$ -	\$ 226

(continued)

CITY OF SLIDELL, LOUISIANA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
June 30, 2004

ANIMAL ASSISTANCE LEAGUE OF SLIDELL

	<u>BALANCE</u> <u>JULY 1, 2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2004</u>
Assets				
Cash and cash equivalents	\$ 1,050	\$ -	\$ -	\$ 1,050
Restricted cash	45,113	484	-	45,597
Due from General Fund	53,367	57,258	48,773	61,852
Total assets	\$ 99,530	\$ 57,742	\$ 48,773	\$ 108,499
Liabilities				
Liabilities				
Accounts payable	\$ 4,141	\$ 42,600	\$ 46,681	\$ 60
Due to local entities	95,389	52,928	39,878	108,439
Total liabilities	\$ 99,530	\$ 95,528	\$ 86,559	\$ 108,499

GREEN

	<u>BALANCE</u> <u>JULY 1, 2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2004</u>
Assets				
Cash and cash equivalents	\$ 280	\$ 2	\$ 204	\$ 78
Restricted cash	-	-	-	-
Due from General Fund	892	2,900	3,479	313
Total assets	\$ 1,172	\$ 2,902	\$ 3,683	\$ 391
Liabilities				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to local entities	1,172	2,200	2,981	391
Total liabilities	\$ 1,172	\$ 2,200	\$ 2,981	\$ 391

The accompanying notes are an integral part of this statement.

(THIS PAGE LEFT BLANK INTENTIONALLY)

**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

(THIS PAGE LEFT BLANK INTENTIONALLY)

CITY OF SLIDELL, LOUISIANA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
June 30, 2004

	<u>June 30, 2004</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS:	
Land	\$ 9,924,227
Buildings and building improvements	22,934,349
Land improvements	6,394,027
Streets system	43,168,194
Drainage system	28,326,270
Office equipment	1,878,941
Machinery and equipment	3,448,875
Vehicles	4,567,169
Bridges	457,522
Construction in progress	<u>1,688,339</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	 <u><u>\$ 122,787,913</u></u>
INVESTMENTS IN GOVERNMENTAL FUNDS	
CAPITAL ASSETS BY SOURCE:	
General fund	\$ 78,150
Special revenue	74,234,293
Capital projects	32,187,118
Donations	<u>16,288,352</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	 <u><u>\$ 122,787,913</u></u>

CITY OF SLIDELL, LOUISIANA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2004

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN LAND	MACHINERY AND EQUIPMENT	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL
General government							
Police academy	\$ -	\$ 50,000	\$ -	\$ 9,629	\$ -	\$ -	\$ 59,629
Administrative	-	507,460	22,224	43,493	-	9,151	582,328
Finance	-	323,609	-	32,217	-	-	357,826
Attorney	-	-	-	20,843	-	-	20,843
Data Processing	-	-	-	388,920	-	-	388,920
Animal control	-	130,908	19,837	122,223	-	-	272,968
Purchasing	-	173,550	-	41,561	-	-	215,111
Risk management	-	-	-	17,448	-	-	17,448
Personnel	-	150,000	-	20,787	-	-	170,787
Council	-	507,460	-	31,960	-	-	539,420
Sales tax administration	1,054,000	554,178	-	143,564	-	4,527	1,756,269
Cultural arts	-	2,860,839	-	7,283	-	-	2,868,122
Public affairs	-	-	-	-	-	-	-
TOTAL GENERAL GOVERNMENT	1,054,000	5,260,004	42,061	879,928	-	13,678	7,249,671
Public works							
Permits	-	6,768	-	94,347	-	-	101,115
Planning	2,145,062	8,584,382	55,124	146,836	-	-	10,931,404
Vehicle maintenance	-	875,366	-	147,020	-	-	1,022,386
Streets and drainage	5,745,547	316,418	4,004,898	3,577,227	71,951,986	156,993	85,753,069
General maintenance	-	149,362	-	77,171	-	-	226,533
Engineering	-	14,964	129,760	95,520	-	-	240,244
Electrical	-	-	-	88,529	-	-	88,529
TOTAL PUBLIC WORKS	7,890,609	9,947,260	4,189,782	4,226,650	71,951,986	156,993	98,363,280
Public safety							
Police	-	2,185,423	131,406	3,654,662	-	1,499,790	7,471,281
TOTAL PUBLIC SAFETY	-	2,185,423	131,406	3,654,662	-	1,499,790	7,471,281
Parks & recreation							
Recreation	979,618	4,038,055	2,030,778	1,133,745	-	17,878	8,200,074
TOTAL PARKS & RECREATION	979,618	4,038,055	2,030,778	1,133,745	-	17,878	8,200,074
Judicial							
City marshal	-	-	-	-	-	-	-
City court	-	1,503,607	-	-	-	-	1,503,607
TOTAL JUDICIAL	-	1,503,607	-	-	-	-	1,503,607
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 9,924,227	\$ 22,934,349	\$ 6,394,027	\$ 9,894,985	\$ 71,951,986	\$ 1,688,339	\$ 122,787,913

CITY OF SLIDELL, LOUISIANA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
Year Ended June 30, 2004

FUNCTION AND ACTIVITY	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2003	ADDITIONS	RECLASS & RETIREMENT DEDUCTIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2004
General government				
Police academy	\$ 59,629	\$ -	\$ -	\$ 59,629
Administrative	573,177	9,151	-	582,328
Finance	341,372	16,454	-	357,826
Attorney	20,843	-	-	20,843
Data Processing	388,920	-	-	388,920
Animal control	277,466	-	(4,498)	272,968
Purchasing	200,898	-	14,213	215,111
Risk management	17,448	-	-	17,448
Personnel	184,397	-	(13,610)	170,787
Council	539,420	-	-	539,420
Sales tax administration	1,740,934	22,185	(6,850)	1,756,269
Cultural arts	2,868,122	-	-	2,868,122
Public affairs	-	-	-	-
TOTAL GENERAL GOVERNMENT	<u>7,212,626</u>	<u>47,790</u>	<u>(10,745)</u>	<u>7,249,671</u>
Public works				
Permits	100,925	13,937	(13,747)	101,115
Planning	10,932,991	-	(1,587)	10,931,404
Vehicle maintenance	1,008,706	13,680	-	1,022,386
Streets and drainage	83,858,860	1,920,543	(26,334)	85,753,069
General maintenance	123,152	119,407	(16,026)	226,533
Engineering	256,068	-	(15,824)	240,244
Electrical	88,529	-	-	88,529
TOTAL PUBLIC WORKS	<u>96,369,231</u>	<u>2,067,567</u>	<u>(73,518)</u>	<u>98,363,280</u>
Public safety				
Police	5,861,210	1,854,422	(244,351)	7,471,281
TOTAL PUBLIC SAFETY	<u>5,861,210</u>	<u>1,854,422</u>	<u>(244,351)</u>	<u>7,471,281</u>
Parks & recreation				
Recreation	7,630,520	573,865	(4,311)	8,200,074
TOTAL PARKS & RECREATION	<u>7,630,520</u>	<u>573,865</u>	<u>(4,311)</u>	<u>8,200,074</u>
Judicial				
City marshal	3,746	-	(3,746)	-
City court	1,503,607	-	-	1,503,607
TOTAL JUDICIAL	<u>1,507,353</u>	<u>-</u>	<u>(3,746)</u>	<u>1,503,607</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 118,580,940</u>	<u>\$ 4,543,644</u>	<u>\$ (336,671)</u>	<u>\$ 122,787,913</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

SUPPORTING SCHEDULES

(THIS PAGE LEFT BLANK INTENTIONALLY)

(THIS PAGE LEFT BLANK INTENTIONALLY)

**CITY OF SLIDELL, LOUISIANA
GENERAL FUND
SCHEDULE OF FUNCTIONAL EXPENDITURES
BY DEPARTMENT (BUDGETARY BASIS)
Year Ended June 30, 2004**

SCHEDULE 1

	<u>Salaries, Wages and Related Benefits</u>	<u>Contract Services</u>	<u>Supplies and Materials</u>	<u>Equipment</u>
ADMINISTRATIVE	\$ 409,561	\$ 36,759	\$ 18,065	\$ 250
FINANCE	488,579	27,756	24,786	3,216
LEGAL	159,473	20,320	3,362	-
DATA PROCESSING	200,590	2,300	44,133	-
PURCHASING	244,542	7,678	7,242	3,074
CIVIL SERVICE	164,138	28,041	16,999	226
LEGISLATIVE	358,739	115,546	18,225	2,205
ANIMAL CONTROL	281,920	3,205	23,115	321
RISK MANAGEMENT	617,393	25,626	7,454	300
PERMITS	451,857	6,011	15,983	7
PLANNING	225,985	2,617	6,449	233
POLICE	5,546,418	127,275	410,974	8,278
CITY MARSHALL	77,557	12,000	1,002	-
CITY COURT	76,873	12,500	1,388	-
CITY PROSECUTOR	<u>52,094</u>	<u>30,129</u>	<u>1,676</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 9,355,719</u>	<u>\$ 457,763</u>	<u>\$ 600,853</u>	<u>\$ 18,110</u>

(continued)

<u>911</u>	<u>Community Service</u>	<u>Legal Fees and Claims</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 464,635
-	-	-	544,337
-	-	113,800	296,955
-	-	-	247,023
-	-	-	262,536
-	-	-	209,404
-	-	-	494,715
-	-	-	308,561
-	61,000	-	711,773
-	-	-	473,858
-	943	-	236,227
102,592	-	-	6,195,537
-	-	-	90,559
-	-	-	90,761
-	-	-	83,899
<u>\$ 102,592</u>	<u>\$ 61,943</u>	<u>\$ 113,800</u>	<u>\$ 10,710,780</u>

CITY OF SLIDELL, LOUISIANA
SALES TAX FUND
SCHEDULE OF FUNCTIONAL EXPENDITURES BY DEPARTMENT
(BUDGETARY BASIS)
Year Ended June 30, 2004

SCHEDULE 2

	<u>Salaries, Wages and Related Benefits</u>	<u>Contract Services</u>	<u>Supplies and Materials</u>
ADMINISTRATIVE	\$ 416,903	\$ 1,386,057	\$ 8,653
ARTS COUNCIL	148,918	24,830	9,257
STREETS, BRIDGES AND DRAINAGE	2,106,434	34,845	469,338
ENGINEERING	459,782	5,676	9,764
ELECTRICAL	196,376	1,891	5,871
GENERAL MAINTENANCE	219,391	34,197	76,323
VEHICLE MAINTENANCE	330,003	20,078	69,721
PARKS AND RECREATION	676,981	70,276	175,172
PUBLIC INFORMATION	<u>-</u>	<u>13,192</u>	<u>7,983</u>
TOTAL EXPENDITURES	<u>\$ 4,554,788</u>	<u>\$ 1,591,042</u>	<u>\$ 832,082</u>

(continued)

<u>Equipment</u>	<u>Museum/ Arts Evening</u>	<u>Total</u>
\$ -	\$ -	\$ 1,811,613
-	22,116	205,121
4,260	-	2,614,877
284	-	475,506
1,858	-	205,996
-	-	329,911
2,000	-	421,802
3,506	-	925,935
<u>105</u>	<u>-</u>	<u>21,280</u>
<u>\$ 12,013</u>	<u>\$ 22,116</u>	<u>\$ 7,012,041</u>

**CITY OF SLIDELL, LOUISIANA
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended June 30, 2004**

SCHEDULE 3

DESCRIPTION	STATE GRANT NUMBER	PROGRAM / GRANT AWARD	REVENUE AND RECEIPTS RECOGNIZED	DISBURSEMENTS / OTHER EXPENDITURES
DEPARTMENT OF CULTURE, RECREATION, AND TOURISM				
Office of Cultural Development				
Subgrant through St. Tammany Arts Commission				
Arts Evening Weekend	CO-OP 03 10	\$ 5,000	\$ 5,000	\$ 5,000
Decentralized Arts Funds	DF04 7	12,000	12,000	12,000
Brown Bag Grant	DF04 24	1,500	<u>1,500</u>	<u>1,500</u>
TOTAL DEPARTMENT OF CULTURE, RECREATION, AND TOURISM			<u>18,500</u>	<u>18,500</u>
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT				
Maintenance Division				
Highway Maintenance Grant	737-08-12	14,644	<u>14,644</u>	<u>14,644</u>
Division of Aviation				
T-Hangar Taxilanes	952-01-0012	46,549	553	553
Airfield Lighting and NAVAIDS Imprv	952-01-0013	64,900	12,004	12,004
Reconstruct Taxiway "A"	952-01-0015	20,215	19,332	19,332
Perimeter Fence	952-01-0016	37,048	2,340	2,340
Non-Directional Radio Beacon Rehab and Stand.	977-99-0115	39,335	<u>25,335</u>	<u>25,335</u>
			<u>59,564</u>	<u>59,564</u>
TOTAL DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT			<u>74,208</u>	<u>74,208</u>
OFFICE OF THE GOVERNOR				
Louisiana Commission on Law Enforcement and Administration of Criminal Justice:				
D.A.R.E.	E03-7-010	23,522	23,522	23,522
Training Academy Equipment	-	2,750	<u>2,750</u>	<u>2,750</u>
TOTAL OFFICE OF THE GOVERNOR			<u>26,272</u>	<u>26,272</u>
TOTAL STATE GRANTS			<u>\$ 118,980</u>	<u>\$ 118,980</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

**CITY OF SLIDELL, LOUISIANA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST 10 FISCAL YEARS
(UNAUDITED)**

TABLE 1

<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC WORKS</u>	<u>PUBLIC SAFETY</u>	<u>PARKS AND RECREATION</u>
2003	\$ 6,093,609	\$ 9,984,099	\$ 6,584,920	\$ 1,221,976
2004	6,322,104	10,410,764	7,499,503	1,357,411

NOTE: Data for 1995 to 2002 is not reflected in this schedule since GASB Statement No. 34 is effective for fiscal year 2003.

<u>JUDICIAL</u>	<u>INTEREST ON LONG-TERM DEBT</u>	<u>UTILITIES</u>	<u>AIRPORT</u>	<u>TOTAL</u>
\$ 311,417	\$ 1,563,486	\$ 7,713,793	\$ 275,751	\$ 33,749,051
315,101	1,030,419	8,189,430	282,828	\$ 35,407,560

**CITY OF SLIDELL, LOUISIANA
GOVERNMENT-WIDE REVENUES
LAST TEN FISCAL YEARS
(UNAUDITED)**

TABLE 2

PROGRAM REVENUES			
FISCAL YEAR	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
2003	\$ 9,818,539	\$ 473,409	\$ 2,807,042
2004	10,378,637	461,803	4,619,187

NOTE: Data for 1995 to 2002 is not reflected in this schedule since GASB Statement No. 34 is effective for fiscal year 2003.

GENERAL REVENUES

<u>TAXES</u>	<u>GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS</u>	<u>UNRESTRICTED INVESTMENT EARNINGS</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
\$ 22,469,780	\$ -	\$ 196,894	\$ 191,022	\$ 35,956,686
23,902,039	-	140,678	208,767	\$ 39,711,111

**CITY OF SLIDELL, LOUISIANA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST 10 FISCAL YEARS
(UNAUDITED)**

TABLE 3

<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC WORKS</u>	<u>PUBLIC SAFETY</u>	<u>PARKS AND RECREATION</u>
1995	\$ 3,668,219	\$ 3,293,623	\$ 3,627,643	\$ 846,649
1996	3,429,840	3,916,717	3,721,666	864,143
1997	3,774,910	4,104,541	4,007,614	904,230
1998	3,813,311	2,833,719	4,190,511	913,464
1999	4,277,532	2,955,073	4,715,788	983,108
2000	4,435,706	3,221,894	4,757,261	1,044,778
2001	4,889,903	3,488,359	5,082,775	1,119,537
2002	4,959,458	3,792,062	5,311,753	868,837
2003	5,450,424	4,418,607 (2)	5,753,633	832,994 (2)
2004	5,867,467	4,758,177	6,195,537	925,935

(1) The above information reflects the General and Special Revenue Funds (budgetary basis) and the Debt Service Fund; Capital Projects and Expendable Trust Funds are not included herein.

(2) In 2003, Parks and Recreation transferred 14 employees to the Public Works Department.

<u>CITY COURT & PROSECUTOR</u>	<u>CAPITAL OUTLAY</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
\$ 172,108	\$ 1,843,362	\$ 2,503,453	\$ 15,955,057
206,011	2,324,423	2,936,830	17,399,630
213,849	2,100,591	4,336,379	19,442,114
275,827	4,128,885	4,425,954	20,581,671
303,369	2,724,109	4,417,159	20,376,138
209,797	3,252,448	4,405,528	21,327,412
233,428	6,671,354	4,176,539	25,661,895
233,380	5,927,906	4,286,793	25,380,189
256,934	5,855,055	4,350,502	26,918,149
265,219	5,495,242	10,696,706	34,204,283

**CITY OF SLIDELL, LOUISIANA
GENERAL GOVERNMENTAL REVENUES BY SOURCE(1)
LAST TEN FISCAL YEARS
(UNAUDITED)**

TABLE 4

FISCAL YEAR	TAXES			TOTAL	INTER- GOVERNMENTAL REVENUE
	SALES TAXES	PROPERTY TAXES	FRANCHISE TAX		
1995	\$ 10,410,596	\$ 2,439,023	\$ 908,694	\$ 13,758,313	\$ 1,722,053
1996	11,568,348	2,918,512	975,419	15,462,279	1,115,220
1997	10,970,123	3,066,116	1,038,178	15,074,417	1,305,654
1998	11,497,071	3,047,706	1,056,668	15,601,445	2,085,731
1999	12,394,359	2,979,772	1,114,443	16,488,574	2,011,631
2000	14,042,332	3,138,045	1,160,909	18,341,286	1,088,441
2001	15,227,530 (3)	3,163,879	1,429,457	19,820,866	1,524,954
2002	15,773,809	3,197,520	1,280,329	20,251,658	2,353,487
2003	16,179,798	3,403,820	1,402,415	20,986,033	2,671,420
2004	17,387,481	3,491,884	1,500,117	22,379,481	1,958,425

(1) The above information reflects the General and Special Revenue Funds (budgetary basis) and the Debt Service Fund; Capital Projects and Expendable Trust Funds are not included herein.

(2) Special assessments recorded in special assessment fund type not included.

(3) Sales taxes include approximately \$666,000 in taxes paid under protest in prior fiscal years.

<u>LICENSES AND PERMITS</u>	<u>FINES AND FORFEITURES</u>	<u>(2) SPECIAL ASSESSMENTS</u>	<u>INTEREST AND OTHER REVENUES</u>	<u>PAYMENT IN LIEU OF TAXES</u>	<u>CONTRIBUTIONS</u>	<u>TOTAL</u>
\$ 1,250,309	\$ 210,188	\$ 2,905	\$ 530,507	\$ 387,908	\$ 8,030	\$ 17,870,213
1,327,046	181,977	3,692	659,272	417,274	-	19,166,760
1,336,212	200,315	-	896,006	417,442	-	19,230,046
1,404,141	199,364	-	793,984	423,538	-	20,508,203
1,589,968	198,638	-	782,838	434,953	-	21,506,602
1,512,584	240,993	-	1,149,082	460,235	-	22,792,621
1,674,742	235,957	-	1,162,575	470,000	-	24,889,094
1,647,186	194,445	-	515,922	470,000	-	25,432,698
1,832,260	166,709	-	427,007	490,000	5,660	26,579,089
1,936,449	205,600	-	542,436	530,000	57,356	27,609,747

**CITY OF SLIDELL, LOUISIANA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

TABLE 5

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>PERCENT OF LEVY COLLECTED</u>
1995	\$ 3,446,301	\$ 3,443,731	100
1996	3,934,645	3,940,091	100 *
1997	4,157,934	4,176,638	100 *
1998	4,169,075	4,172,713	100 *
1999	4,190,554	4,098,720	98
2000	4,319,072	4,283,942	99
2001	4,465,632	4,439,909	99
2002	4,528,586	4,495,216	99
2003	4,796,537	4,788,612	100
2004	4,961,960	4,937,798	100

* Total collections include redemptions.

(THIS PAGE LEFT BLANK INTENTIONALLY)

**CITY OF SLIDELL, LOUISIANA
 ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY (1)
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

TABLE 6

FISCAL YEAR	REAL PROPERTY		COMMERCIAL PERSONAL PROPERTY		PUBLIC SERVICE PROPERTY	
	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE
1995	\$ 68,668,925	\$ 686,689,250	\$ 23,454,485	\$ 156,363,233	\$ 9,423,313	\$ 62,822,087
1996	68,583,745	685,837,450	26,608,618	177,390,787	8,553,173	57,021,154
1997	75,622,776	756,227,759	27,099,731	180,664,873	8,297,714	55,318,094
1998	76,404,459	764,044,591	27,495,368	183,302,450	8,622,704	57,484,698
1999	76,394,169	763,941,690	29,109,480	194,063,200	8,893,402	59,289,347
2000	78,125,925	781,259,250	31,310,877	208,739,180	9,673,123	64,487,487
2001	85,417,503	854,175,030	32,827,273	218,848,487	10,086,142	67,240,947
2002	87,110,595	871,105,950	33,126,040	220,840,267	10,370,023	69,133,487
2003	91,335,610	913,356,100	36,020,854	240,139,027	11,333,002	75,553,347
2004	97,129,969	971,299,691	37,103,911	247,359,406	11,041,472	73,609,813

(1) Total assessed value is based on the following percentages of estimated actual value:

Residential property	10%
Commercial property	15%
Public service property	15%
Railroad stock	15%

RAILROAD STOCK		TOTAL		RATIO OF TOTAL ASSESSED TO TOTAL ESTIMATE ACTUAL VALUE
ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	
\$ 24,181	\$ 161,207	\$ 101,570,904	\$ 906,035,777	0.11
29,860	199,067	103,775,396	920,448,458	0.11
29,660	197,734	111,049,881	992,408,460	0.11
33,340	222,266	112,555,871	1,005,054,005	0.11
36,500	243,333	114,433,551	1,017,537,570	0.11
36,880	245,867	119,146,805	1,054,731,784	0.11
28,720	191,467	128,359,638	1,140,455,931	0.11
126,190	841,267	130,732,848	1,161,920,971	0.11
18,940	126,267	138,708,406	1,229,174,741	0.11
23,610	157,400	145,298,962	1,292,426,310	0.11

**CITY OF SLIDELL, LOUISIANA
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)**

TABLE 7

<u>FISCAL YEAR</u>	<u>CITY (WARDS 8&9)</u>	<u>SCHOOL (WARDS 8&9)</u>	<u>PARISH (WARDS 8&9)</u>	<u>OTHER</u>		<u>TOTAL</u>	
				<u>(WARDS 8)</u>	<u>(WARDS 9)</u>	<u>(WARDS 8)</u>	<u>(WARDS 9)</u>
Tax Rates (In Dollars per \$1,000 of Assessed Value)							
1995	33.93	87.10	32.70	41.19	41.19	194.92	194.92
1996	38.51	87.10	32.70	40.50	40.50	198.81	198.81
1997	37.54	90.10	32.17	39.20	39.20	199.01	199.01
1998	37.04	90.10	28.95	39.20	39.20	195.29	195.29
1999	36.62	90.10	28.95	39.20	39.20	194.87	194.57
2000	36.25	90.10	31.95	44.20	44.20	202.50	202.50
2001	34.79	90.10	31.12	44.20	44.20	200.21	200.21
2002	34.64	90.10	31.61	44.20	44.20	200.55	200.55
2002	34.64	90.10	31.61	44.20	44.20	200.55	200.55
2003	34.58	90.10	31.61	44.20	44.20	200.49	200.49
2004	34.15	90.10	31.61	46.70	46.70	203.56	202.56

CITY OF SLIDELL, LOUISIANA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 8

FISCAL YEAR	(1) POPULATION	ASSESSED VALUE	(2) GROSS BONDED DEBT	(3) LESS DEBT SERVICE FUNDS	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1995	\$ 26,314	\$ 101,570,904	\$ 6,545,000	\$ 509,702	\$ 6,035,298	5.94	\$ 229
1996	26,314	103,775,396	15,395,000	967,404	14,427,596	13.90	548
1997	26,408	111,050,081	14,740,000	998,755	13,741,245	12.37	520
1998	28,394	112,555,871	14,115,000	1,042,397	13,072,603	11.61	460
1999	29,004	114,433,551	13,460,000	1,046,010	12,413,990	10.85	428
2000	29,596	119,146,805	12,765,000	1,117,103	11,647,897	9.77	394
2001	25,695	128,359,638	12,040,000	1,140,580	10,899,420	8.49	424
2002	26,086	130,732,848	11,275,000	1,144,313	10,130,687	7.75	388
2003	26,466	138,708,406	10,465,000	1,212,656	9,252,344	6.67	350
2004	26,947	145,298,962	9,695,000	1,277,292	8,417,708	5.79	312

(1) The 1995 through 2000 and 2002 through 2004 population is based on Research Division, College of Administration and Business, Louisiana Tech University. 2001 is based on the 2000 census.

(2) Amount does not include special assessment, sales tax or revenue bonds.

(3) Amount available for repayment of general obligation bonds.

CITY OF SLIDELL, LOUISIANA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2004
(UNAUDITED)

TABLE 9

ASSESSED VALUE	<u>\$ 145,298,962</u>
DEBT LIMIT - 35% of \$145,298,962 Assessed value (1)	50,854,637
DEDUCT - Amount of debt applicable to debt limit: Bonded debt	<u>9,695,000</u>
Legal debt margin	<u>\$ 41,159,637</u>

(1) State law allows a maximum of 35% of assessed valuation for total bonded general obligation debt.

CITY OF SLIDELL, LOUISIANA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 10

FISCAL YEAR	(1) PRINCIPAL	(1) INTEREST AND FEES	(1) TOTAL DEBT SERVICE	(2) TOTAL GENERAL EXPENDITURES	RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES
1995	\$ 600,000	\$ 391,931	\$ 991,931	\$ 15,955,057	6.22 %
1996	650,000	342,830	992,830	17,399,630	5.71
1997	655,000	833,763	1,488,763	19,442,114	7.66
1998	625,000	809,473	1,434,473	20,581,671	6.97
1999	655,000	757,380	1,412,380	20,376,138	6.93
2000	695,000	700,801	1,395,801	21,307,708	6.55
2001	725,000	650,532	1,375,532	25,661,895	5.36
2002	765,000	596,906	1,361,906	25,380,190	5.37
2003	810,000	560,295	1,370,295	26,918,135	5.09
2004	855,000	523,390	1,378,390	34,204,283	4.03

(1) Amount does not include special assessment, sales tax or revenue bonds debt service.

(2) Per Table 3.

CITY OF SLIDELL, LOUISIANA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2004
(UNAUDITED)

TABLE 11

<u>JURISDICTION</u>	<u>NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING</u>	<u>PERCENT APPLICABLE TO THE CITY</u>	<u>AMOUNT APPLICABLE TO THE CITY</u>
DIRECT:			
CITY OF SLIDELL	\$ 8,417,708 (1)	100%	\$ 8,417,708
OVERLAPPING:			
ST. TAMMANY SCHOOL BOARD	114,157,703	17%	19,406,810
ST. TAMMANY PARISH	<u>-</u>	17%	<u>-</u>
TOTAL OVERLAPPING DEBT	<u>114,157,703</u>		<u>19,406,810</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 122,575,411</u>		<u>\$ 27,824,518</u>

(1) Net of funds available for payment of debt service (Ref. Table 8).

**CITY OF SLIDELL, LOUISIANA
SALES TAX BONDS COVERAGE
LAST TEN FISCAL YEARS
(UNAUDITED)**

TABLE 12

FISCAL YEAR	SALES TAX REVENUE	DEBT SERVICE REQUIREMENTS			COVERAGE
		PRINCIPAL	INTEREST	TOTAL	
1995	\$ 10,410,596	\$ 584,000	\$ 793,324	\$ 1,377,324	7.6
1996	11,568,348	637,000	737,697	1,374,697	8.4
1997	10,970,123	816,000	1,251,934	2,067,934	5.3
1998	11,497,071	1,009,000	1,197,425	2,206,425	5.2
1999	12,394,359	1,073,000	1,128,645	2,201,645	5.6
2000	14,042,332	1,142,000	1,058,744	2,200,744	6.4
2001	15,227,530 (1)	1,204,000	986,480	2,190,480	7.0
2002	15,773,809	1,281,000	912,128	2,193,128	7.2
2003	16,179,798	1,358,000	832,090	2,190,090	7.4
2004	17,387,481	1,770,000	339,617	2,109,617	8.2

(1) Sales taxes include approximately \$666,000 in taxes paid under protest in prior fiscal years.

CITY OF SLIDELL, LOUISIANA
ENTERPRISE REVENUE BONDS COVERAGE (UTILITY FUND ONLY)
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 13

FISCAL YEAR	GROSS REVENUE	(1) EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
1995	\$ 5,208,892	\$ 4,298,269	\$ 910,623	\$ -	\$ -	\$ -	-
1996	5,614,803	4,723,966	890,837	-	-	-	-
1997	5,779,839	4,706,725	1,073,114	-	128,988	128,988	8.3
1998	6,011,732	4,845,767	1,165,965	85,000	140,178	225,178	5.2
1999	6,275,591	5,217,698	1,057,893	225,000	239,378	464,378	2.3
2000	6,848,070	5,287,348	1,560,722	235,000	266,469	501,469	3.1
2001	7,150,588	5,583,849	1,566,739	243,176	259,045	502,221	3.1
2002	7,590,516	6,244,568	1,345,993	260,000	251,190	511,190	2.6
2003	8,521,197	5,897,601	2,623,596	270,000	240,470	510,470	5.1
2004	8,767,748	6,480,384	2,287,364	280,000	229,123	509,123	4.5

(1) Amount does not include depreciation or interest expense.

**CITY OF SLIDELL, LOUISIANA
PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS
(UNAUDITED)**

TABLE 14

FISCAL YEAR	COMMERCIAL CONSTRUCTION		RESIDENTIAL CONSTRUCTION		ESTIMATED ACTUAL VALUE	
	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	COMMERCIAL	RESIDENTIAL
1995	161	\$ 16,495,803	194	\$ 3,496,079	\$ 219,346,527	\$ 686,689,250
1996	153	13,501,297	231	4,769,635	234,611,008	685,837,450
1997	162	19,612,552	265	9,674,971	236,180,701	756,227,759
1998	148	12,623,347	307	13,724,576	183,302,450	764,044,591
1999	149	35,219,015	294	13,561,282	194,063,200	763,941,690
2000	143	36,230,372	237	10,173,538	208,739,180	781,259,250
2001	137	19,120,910	297	13,963,843	218,848,487	854,175,030
2002	133	26,204,160	354	19,684,279	220,840,267	871,105,950
2003	174	43,142,529	440	19,470,109	240,139,027	913,356,100
2004	180	22,759,433	217	11,219,163	247,359,406	971,299,691

Source of data - City of Slidell permits department; tax rolls

Data on bank deposits is not available.

**CITY OF SLIDELL, LOUISIANA
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

TABLE 15

<u>FISCAL YEAR</u>	<u>CURRENT ASSESSMENTS BILLED</u>	<u>CURRENT ASSESSMENTS COLLECTED</u>	<u>(1) RATIO OF COLLECTIONS TO AMOUNT DUE</u>	<u>TOTAL OUTSTANDING ASSESSMENTS</u>
1995	\$ -	\$ 10,938	\$ -	\$ 21,939
1996	-	3,692	-	-
1997	-	-	-	-
1998	-	-	-	-
1999	-	-	-	-
2000	-	-	-	-
2001	-	-	-	-
2002	-	-	-	-
2003	-	-	-	-
2004	-	-	-	-

(1) Collections in excess of amounts billed are due to the exercise of prepayment options.

**CITY OF SLIDELL, LOUISIANA
PRINCIPAL TAXPAYERS
JUNE 30, 2004
, (UNAUDITED)**

TABLE 16

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>(1) FISCAL 2004 ASSESSED VALUATION</u>	<u>PERCENTAGE OF TOTAL ASSESSED VALUATION</u>
Wal Mart / Sam's	Retail	\$ 4,843,800	3.33%
Bellsouth Communications	Telephone Utility	4,703,620	3.24%
Central LA Electric Co.	Electric Utility	4,568,280	3.14%
McKesson Corp. Services	Healthcare	4,005,930	2.76%
Banc One	Financial Institution	3,502,440	2.41%
Sizeler North Shore Ltd.	Shopping Center	2,633,480	1.81%
Tenet Healthcare Corp.	Hospital	2,514,470	1.73%
Hibernia National Bank	Financial Institution	2,293,690	1.58%
Healthcare Prop Prtnshp	Medical Facility	1,600,520	1.10%
Charter Communications	Cable	1,548,300	1.07%
		<u>\$ 32,214,530</u>	<u>22.17%</u>

Source of data - Current ad valorem tax rolls.

(1) Total assessed valuation \$145,298,962

CITY OF SLIDELL, LOUISIANA
SALARIES OF PRINCIPAL OFFICIALS
JUNE 30, 2004
(UNAUDITED)

TABLE 17

<u>NAME</u>	<u>TITLE</u>	<u>METHOD OF SELECTION</u>	<u>ANNUAL BASE SALARY</u>	<u>SENIOR INCENTIVE PAY</u>
Ben O. Morris	Mayor	Election	\$ 89,070	
Frederick Drennan	Chief of Police	Election	80,164	
Pearl Williams	Councilwoman at Large	Election	16,025	
Marti J. Livaudais	Councilwoman at Large	Election	16,025	
Elsie Burkhalter	Councilwoman Dist. A	Election	16,025	
Richard Hursey Jr.	Councilman Dist. B	Election	16,025	
Landon Cusimano	Councilman Dist. C	Election	16,025	
Kevin Kingston	Councilman Dist. D	Election	16,025	
Raymond H. Canada	Councilwoman Dist. E	Election	16,025	
Kim Harbison	Councilwoman Dist. F	Election	16,025	
Greg Cromer	Councilman Dist. G	Election	16,025	
Shawn McManus	Clerk of Council	Appointed	51,912	
Wanda Beelman	Administrative Assistant to Council	Appointed	40,536	\$ 432
Reinhard Dearing	Chief of Staff	Appointed	86,712	828
Carmel Everard	Administrative Assistant to Mayor	Appointed	40,536	360
Sharon Howes	Director of Finance	Appointed	74,724	252
Martin Bruno	Director of Planning	Appointed	72,840	360
Dean Born	Director of Permits	Appointed	64,632	684
Stan Polivick	City Engineer	Appointed	83,604	376
Tara Hunter	Director of Recreation and Parks	Appointed	52,572	360
Rene Johnson	Director of Civil Service	Appointed	43,576	
Kelli Gustefson	Director of Cultural Affairs	Appointed	38,028	
Michael Noto	Director of Public Operations	Appointed	66,024	632
Tim Mathison	City Attorney	Appointed	82,836	252
Robert Dunbar	Airport Manager	Appointed	39,132	

**CITY OF SLIDELL, LOUISIANA
DEMOGRAPHIC STATISTICS
JUNE 30 2004
(UNAUDITED)**

TABLE 18

DATE OF SETTLEMENT	1888
DATE PRESENT CHARTER ADOPTED	1978
FORM OF GOVERNMENT	MAYOR - COUNCIL
AREA SQUARE MILES	12.87
MILES OF STREETS:	
Paved	122.6
Unimproved	1.9
BUILDING PERMITS:	
New residential	67
Residential additions	150
New commercial	49
Commercial additions	131
POLICE PROTECTION:	MUNICIPAL
Number of employees	72
FIRE PROTECTION:	DISTRICT 1
Number of stations	3
RECREATION:	
Parks - number of acres	420.24
Number of playgrounds	22
Number of picnic areas	18
NUMBER OF STREET LIGHTS	2,738
NUMBER OF TRAFFIC SIGNALS	57
NUMBER OF WATER STORAGE TANKS (5):	6
Total capacity of water storage tanks	2,150,000 GAL
MUNICIPAL WATER DISTRIBUTION SYSTEM:	
Number of accounts	9,990
Number of metered accounts	9,908
Daily average consumption	4.0 MGD
Productive capacity	10.9 MGD
Miles of water mains - City	156.48 Miles

**CITY OF SLIDELL, LOUISIANA
 DEMOGRAPHIC STATISTICS (CONTINUED)
 JUNE 30, 2004
 (UNAUDITED)**

TABLE 18

MUNICIPAL SEWER PLANT:	
Number of accounts	9,830
Daily average treated wastewater	4.6 MGD
Plant capacity	6.0 MGD
Miles of sewer mains - City	106.90 Miles
AUTHORIZED FULL TIME EQUIVALENT EMPLOYEES:	
Merit - elected, appointed & classified	345
School crossing guards	19
Total employees	<u>364</u>
ELECTION:	
Registered voters	17,761
Number of votes cast, last local election	3,093
Percentage of registered voters voting	17%
POPULATION:	
1890	354
1900	1,129
1910	2,188
1920	2,958
1930	2,807
1940	2,864
1950	3,464
1960	6,356
1970	16,101
1980	26,718
1990	24,013
2000	25,695

Source of data - City and Parish records.

**CITY OF SLIDELL, LOUISIANA
INSURANCE COVERAGE
JUNE 30, 2004
(UNAUDITED)**

TABLE 19

POLICY NUMBER	INSURER	EXPIRES	POLICY TYPE OF COVERAGE	LIMITS
GPO6300869	St. Paul	6/30/04	General Liability	\$1M/\$2M
GPO6300869	St. Paul	6/30/04	Auto Liability	\$1M/\$1M
GPO6300869	St. Paul	6/30/04	Police Professionals	\$1M/\$1M
GPO6300869	St. Paul	6/30/04	Public Officials E&O	\$1M/\$1M
43-SR-842101	Hartford Insurance Co.	6/30/04	Police Volunteers	\$15,000
P-630-637J4423-TCT03	Travelers	6/30/04	Property	\$44,763,874
QT660336K7297TIL03	Travelers	6/30/04	Equipment	\$4,256,168
FBP2290461	Hartford Insurance Co.	6/30/04	Boiler & Machinery	\$50,000
ap3229316-11	AIG Aviation	6/30/04	Airport Premises Liability	\$1M/\$1M
43-SB-351653	Hartford Insurance Co.	7/23/04	Recreation Accident	\$2,500
AGC-7770-LA	Safety National	12/31/04	Workers' Compensation	\$1M/Statutory
#119	City of Slidell	-	Employee Medical	Self Insured
#119/FBS Administrator	City of Slidell	-	Employee Dental Care	Self Insured
#860060247	Canada Life	-	Employee & Family Life Ins.	1X's salary/5,000/2,000
AML-APD-0032	Lloyds of London	7/10/04	Auto Physical Damage for 2001 International Sewer Cleaner	\$82,000

(THIS PAGE LEFT BLANK INTENTIONALLY)

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members
of the City Council of the
City of Slidell, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Slidell, Louisiana (the "City") as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 24, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and

material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City's management, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

September 24, 2004

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

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

Honorable Mayor and Members of the Council
City of Slidell, Louisiana

Compliance

We have audited the compliance of the City of Slidell, Louisiana (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Slidell, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants

applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended solely for the information of the City of Slidell's management, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

September 24, 2004

CITY OF SLIDELL, LOUISIANA
SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year ended June 30, 2004

DESCRIPTION	CFDA NUMBER	GRANT NUMBER	TOTAL GRANT AWARD	FEDERAL AND OTHER EXPENDITURES
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Community Planning and Development Division				
Community Development Block Grant,				
Entitlement Grant	14.218	B-02-MC-22-0010	\$ 284,314	\$ 27,500
Entitlement Grant	14.218	B-03-MC-22-0010	246,000	18,295
				<u>45,795</u>
Office of Community Services				
Emergency Shelter Grant	14.231	584115	30,750	12,700
Emergency Shelter Grant	14.231	598117	30,750	22,016
				<u>34,716</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>80,511</u>
DEPARTMENT OF JUSTICE				
Bureau of Justice Assistance				
Local Law Enforcement Block Grant	16.592	2002-LB-BX-1904	49,697	50,367
Local Law Enforcement Block Grant	16.592	2003-LB-BX-0356	34,613	-
				<u>50,367</u>
COPS Homeland Security OT Program				
	16.710	2003OWX0111	48,833	41,717
Bulletproof Vest Partnership Grant				
	16.607	-	28,533	12,162
LCLE Youth Education Shoplifting Program				
LCLE Youth Education Shoplifting Program	16.523	A00-8-006	21,156	4,500
LCLE Youth Education Shoplifting Program	16.523	A01-8-006	16,345	6,975
LCLE Youth Education Shoplifting Program	16.523	A02-8-006	13,677	3,643
				<u>15,118</u>
LCLE Electronic Equipment				
LCLE Electronic Equipment	-	P03-7-021	1,800	1,800
LCLE Electronic Equipment		P04-7-022	1,483	1,483
				<u>3,283</u>
Asset Forfeiture and Money Laundering Section				
Asset Forfeiture	-	96-2450-J11	263,667	688
TOTAL DEPARTMENT OF JUSTICE				<u>123,335</u>
DEPARTMENT OF TRANSPORTATION				
Federal Aviation Administration				
T-Hangar Taxilanes				
	20.106	3-22-0060-010-2002	465,486	4,972
Airfield Lighting and NAVAIDS Improvements				
	20.106	3-22-0060-011-2003	584,100	108,036
Reconstruct Taxiway "A" and Perimeter Fence				
	20.106	3-2-0060-012-2003	515,371	195,049
				<u>308,057</u>
Federal Highway Administration - Highway Planning and Construction				
Northshore Blvd. Signal Improvement	20.205	STP-5200(531)	209,644	21,622
Northshore Blvd. Overlay Project	20.205	STP-5203(501)		11,879
				<u>33,501</u>
National Highway Transportation Safety Administration				
2003/2004 LHSC Safe & Sober Campaign				
	20.605	P3 04-17-25	5,080	3,140
Slidell PD Year Long				
	20.600	PT 04-29-00	30,000	16,290
				<u>19,430</u>
TOTAL DEPARTMENT OF TRANSPORTATION				<u>360,988</u>

**CITY OF SLIDELL, LOUISIANA
SUPPLEMENTAL SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS (CONTINUED)
Year ended June 30, 2004**

DESCRIPTION	CFDA NUMBER	GRANT NUMBER	TOTAL GRANT AWARD	FEDERAL AND OTHER EXPENDITURES
DEPARTMENT OF HOMELAND SECURITY				
Elevation/Acquisition Project Phase III	97.039	1380 DR-LA	1,466,780	<u>164,517</u>
Elevation/Acquisition Project Phase IV	97.039	HMGP 1437-103-0003	4,252,642	<u>956,534</u>
Construct Emergency Response Center		UN-1246-103S-0003	765,020	<u>3,395</u>
Hazard Mitigation Plan		HMGP 1435-103-0001	39,000	<u>10,000</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY				<u>1,134,446</u>
ENVIRONMENTAL PROTECTION AGENCY				
UNO Sewer Pump Station Rehab	66.606	585835-S11	50,000	<u>1,500</u>
Municipal Facilities Revolving Loan Fund Program (Note C)	66.458	CS-22136-01	3,900,000	2,970,000
Municipal Facilities Revolving Loan Fund Program (Note C)	66.458	CS-22136-02	4,100,000	<u>50,937</u>
				<u>3,020,937</u>
TOTAL ENVIROMENTAL PROTECTION AGENCY				<u>3,022,437</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u><u>\$ 4,721,717</u></u>

The accompanying Notes to Schedule of Expenditures of Federal Awards are in integral part of this schedule.

CITY OF SLIDELL, LOUISIANA
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the City has met the qualifications for the respective grants.

2. ACCRUED REIMBURSEMENT

Various reimbursement procedures are used for federal awards received by the City. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year.

3. PAYMENTS TO SUBRECIPIENTS

There were no payments to subrecipients for the fiscal year ended June 30, 2004.

NOTE B – DESCRIPTION OF GRANTS

**United States Department of Housing and Urban Development (HUD)
Community Development Block Grant (CDBG), Entitlement Grant**

HUD provides the City with funds on a reimbursement basis for expenditures incurred by the City in connection with activities that meet one of the following objectives (1) benefiting low and moderate-income families, (2) aiding in the prevention or elimination of slums and blight, and (3) meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health and welfare of the community and other financial resources are not available to meet such needs.

Emergency Shelter Grant

The Caring Center, Inc., a 501(c)(3) non-profit organization, operates a shelter for homeless women and children in the community on behalf of the City. HUD reimburses for costs to provide shelter, homeless prevention, and essential services at the emergency shelter. HUD also pays a small administrative fee to the City. The City provides matching funds, primarily in the value of rent equivalent for the building. The Caring Center also provides matching funds through donations of cash, goods and services.

CITY OF SLIDELL, LOUISIANA
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2004

NOTE B – DESCRIPTION OF GRANTS (CONTINUED)

**United States Department of Justice
Local Law Enforcement Block Grant**

This Bureau of Justice Assistance block grant provides the City with funds to underwrite projects to reduce crime and improve public safety. After holding public hearings, the City elected to fund overtime costs for additional traffic patrols at high accident areas around the City and to purchase new equipment.

COPS Homeland Security OT Program

The Department of Justice is reimbursing 75% of the overtime costs to provide additional surveillance to protect communities, and to provide funding for additional homeland defense related training.

Bulletproof Vest Partnership Grant

The Bureau of Justice Assistance is reimbursing the City for up to 50% of the cost of bulletproof vests. This funding is provided under the Bulletproof Vest Partnership Grant Act of 1998.

LCLE Youth Education Shoplifting Program

The Bureau of Justice Assistance funds the City 90% of the cost for an offense-specific curriculum based on shoplifting prevention.

LCLE Electronic Equipment

The Louisiana Commission on Law Enforcement and Administration of Criminal Justice provided funds to purchase electronic equipment, two high-capacity, multi-function, high-speed fax machines and one digital data projector capable of presenting Powerpoint & other software applications.

Asset Forfeiture Grant

The City participates in the federal equitable sharing program for the use of federally forfeited cash, property, proceeds, and any interest earned thereon with law enforcement agencies.

CITY OF SLIDELL, LOUISIANA
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2004

NOTE B – DESCRIPTION OF GRANTS (CONTINUED)

U.S. Department of Transportation
T-Hangar Taxilanes

FAA is reimbursing the City for 90% of the costs to construct approximately 1500 linear feet of new taxi lanes to open a vacant area of the airport to hanger development. The taxi lanes will provide access to planned T-hanger developments from the existing taxiway and apron. The State Department of Transportation and Development is providing the remaining 10% of the funding.

Airfield Lighting and NAVAIDS Improvements

The Federal Aviation Administration (90%) and the Department of Transportation and Development Aviation Division (10%) are providing funding to rehabilitate Taxiway lighting, install runway precision approach indicators, and runway end identifier lights.

Reconstruct Taxiway “A” and Perimeter Fencing

The Federal Aviation Administration (90%) and the Department of Transportation and Development Aviation Division (10%) are providing funding for rehabilitation of Taxiway “A” which is deteriorating and in need of repair and for an airfield perimeter fence to alleviate the unsafe conditions that wildlife present to aviation at the airport.

Northshore Blvd. Signal Improvement

The Department of Transportation is providing funding to interconnect three traffic signals along Northshore Boulevard corridor between US 190 and I-12 in Slidell, Louisiana.

NorthShore Blvd Overlay Project

The Department of Transportation is reimbursing 80% of the costs to cold-plane and overlay four asphalt lanes, restripe travel lanes, and replace inductance loops for traffic signals on Northshore Blvd. The remaining 20% of the construction costs is a City match.

2003/2004 LHSC Safe & Sober Campaign

This grant provides funds to select law enforcement agencies to support four waves of overtime traffic enforcement patrols and substantial public information activities. This campaign supports two national campaigns, You Drink and You Lose, whose goal is to reduce the number of alcohol related fatal crashes, and Buckle-Up America, whose goal is to increase occupant safety.

CITY OF SLIDELL, LOUISIANA
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2004

NOTE B – DESCRIPTION OF GRANTS (CONTINUED)

Slidell PD Year Long

This grant provides funds for overtime reimbursement to reduce the highway death rate on Louisiana streets, roads, and highways. Its goal is to also reduce the percentage of alcohol involved traffic crashes and fatalities as well as increase safety belt usage.

U.S. Department of Homeland Security
Elevation/Acquisition Project Phases III and IV

The City is administering FEMA funding to elevate flood prone structures, the acquisition of flood prone structures or to flood proof structures to reduce flood losses. FEMA will incur 75% of the cost to elevate, acquire or flood proof the structure and the owner will incur 25%.

Construct Emergency Response Center

FEMA is providing 75% of the cost to construct a 5500 square foot reinforced concrete building designed to withstand hurricane force winds to provide a centralized operations center.

Hazard Mitigation Plan

FEMA is providing 75% of the cost to identify hazards, assess potential losses, address priorities, identify potential mitigation projects and potential funding sources. The City of Slidell will then be more prepared for and execute mitigation opportunities with an approved Mitigation Plan.

United States Environmental Protection Agency
UNO Sewer Pump Station Rehab

This grant provides funding to rehabilitate the City's aging sewer pump station inventory, thereby increasing their reliability and decreasing the occurrence of sanitary sewer overflows that are due to pump station failure. Decreasing the occurrence of sanitary sewer overflows will improve the water quality of Lake Pontchartrain by reducing the amount of wastewater that is indirectly introduced through tributary waterways.

NOTE C - LOANS OUTSTANDING

On May 28, 1997, the City entered into a loan and pledge agreement with the Louisiana Department of Environmental Quality (DEQ) Loan No. CS-221 136-01. The purpose of the loan is to pay a portion of the cost of constructing improvements to the wastewater system of the City. Under the terms of the agreement, the DEQ, through its Municipal Facilities Revolving

CITY OF SLIDELL, LOUISIANA
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2004

NOTE C - LOANS OUTSTANDING (CONTINUED)

Loan Fund, will loan the City an amount not to exceed \$3,900,000. Upon completion of the project the City issued Utility Revenue Bonds to evidence the debt as authorized by ordinance No. 2727. The bonds are payable over a 20 year period and bears an interest rate of 3.95 percent. The outstanding loan balance is included in the Supplementary Schedule of Expenditures of Federal Awards.

On March 25, 2004, the City entered into a loan and pledge agreement with the Louisiana Department of Environmental Quality (DEQ) Loan No. 22-1136-02. The purpose of the loan is to pay a portion of the cost of constructing improvements to the wastewater treatment plant of the City. Under the terms of the agreement, the DEQ, through its Municipal Facilities Revolving Loan Fund, will loan the City an amount not to exceed \$4,100,000. Upon completion of the project (currently expected to be in September 2005), the actual amount borrowed will be determined and the City will issue Utility Revenue Notes to evidence the debt as authorized by ordinance No. 3173. The bonds will be payable over a 20 year period and will bear an interest rate of 3.95 percent. As of June 30, 2004, \$50,937 has been drawn down on the loan. This amount is recorded as a liability in the financial statements of the Utility enterprise Fund. Under the terms of the agreement, the City is subject to compliance with certain provisions and covenants. As of June 30, 2004, the City is in compliance with all significant provisions and covenants.

(THIS PAGE LEFT BLANK INTENTIONALLY)

4. 5. 6. 7.

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Slidell, Louisiana.
2. No reportable conditions in internal control relating to the audit of the financial statements are reported in the *Report on Compliance and on Internal Control over Financial Reporting on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Slidell, Louisiana were reported in the *Report on Compliance and on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance* in accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City of Slidell, Louisiana expresses an unqualified opinion.
6. There were no findings that are required to be reported in accordance with Section 510(a) of Circular A-133.
7. A management letter was not issued for the year ended June 30, 2004.
8. The programs tested as major programs are:

CFDA Number

Elevation/Acquisition Project Phase IV

97.039

9. The threshold for distinguishing Types A and B programs was \$300,000.
10. City of Slidell, Louisiana was determined to be a low-risk auditee.

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2004.

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2004

**C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL
AWARD PROGRAMS**

There were no findings related to federal awards for the year ended June 30, 2004.

**CITY OF SLIDELL, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004**

SECTION I FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None.

**SECTION II FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR
FEDERAL AWARD PROGRAMS**

None.

SECTION III MANAGEMENT LETTER

Unreserved General Fund Balance	Improvements noted. There is no current year recommendation.
---------------------------------	--

Update Investment Policy	Resolved.
--------------------------	-----------

**CITY OF SLIDELL, LOUISIANA
CORRECTIVE ACTION PLAN
Year Ended June 30, 2004**

There are no compliance and/or internal control findings as described in the Schedule of Findings and Questioned Costs. Accordingly, no corrective action plan is required as a part of this section.