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CITY OF MARKSVILLE, LOUISIANA
Financial Report
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 2-14-05

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INDEPENDENT AUDITORS' REPORT

* A Professional Accounting Corporation

The Honorable Mayor Richard R. Michel, M.D. and
The Board of Aldermen
City of Marksville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Marksville, Louisiana, 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 of Marksville, Louisiana's, management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards, and the standards generally accepted in the United States of America 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, and each major fund of the City of Marksville, Louisiana, 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 a report dated October 7, 2004 on our consideration of the City of Marksville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

As described in Note 2 to the basic financial statements, the City of Marksville adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This results in a change in the format and content of the basic financial statements.

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The required supplementary information on pages 37 through 42 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The City of Marksville has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marksville's basic financial statements. The other supplementary information on page 44 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been marked "unaudited" and has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the City of Marksville, Louisiana.


Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

October 7, 2004

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

CITY OF MARKSVILLE, LOUISIANA

Statement of Net Assets
 June 30, 2004
 With Comparative Totals for June 30, 2003

	2004			2003 Totals
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$1,635,937	\$ 66,338	\$ 1,702,275	\$ 2,845,967
Receivables, net	44,510	300,450	344,960	268,022
Due from other governmental units	253,152	-	253,152	266,592
Internal balances	49,204	(49,204)	-	-
Prepaid items	11,383	3,786	15,169	-
Total current assets	<u>1,994,186</u>	<u>321,370</u>	<u>2,315,556</u>	<u>3,380,581</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	-	1,112,882	1,112,882	1,598,959
Capital assets, net	<u>2,835,111</u>	<u>11,026,203</u>	<u>13,861,314</u>	<u>11,747,759</u>
Total noncurrent assets	<u>2,835,111</u>	<u>12,139,085</u>	<u>14,974,196</u>	<u>13,346,718</u>
Total assets	<u>4,829,297</u>	<u>12,460,455</u>	<u>17,289,752</u>	<u>16,727,299</u>
LIABILITIES				
Current liabilities:				
Accounts and other payables	108,967	115,588	224,555	352,063
Deferred revenue	31,520	-	31,520	39,628
Short term debt payable	203,364	147,238	350,602	509,149
Accrued interest	<u>14,698</u>	<u>15,959</u>	<u>30,657</u>	<u>38,268</u>
Total current liabilities	<u>358,549</u>	<u>278,785</u>	<u>637,334</u>	<u>939,108</u>
Noncurrent liabilities:				
Compensated absences payable	72,204	14,777	86,981	77,620
Customers deposits payable	-	354,755	354,755	338,265
Long term debt payable	<u>1,927,311</u>	<u>2,880,501</u>	<u>4,807,812</u>	<u>4,903,735</u>
Total noncurrent liabilities	<u>1,999,515</u>	<u>3,250,033</u>	<u>5,249,548</u>	<u>5,319,620</u>
Total liabilities	<u>2,358,064</u>	<u>3,528,818</u>	<u>5,886,882</u>	<u>6,258,728</u>
NET ASSETS				
Invested in capital assets, net of related debt	704,436	8,145,702	8,850,138	6,334,875
Restricted for debt service	532,472	120,958	653,430	719,740
Unrestricted	<u>1,234,325</u>	<u>664,977</u>	<u>1,899,302</u>	<u>3,413,956</u>
Total net assets	<u>\$2,471,233</u>	<u>\$ 8,931,637</u>	<u>\$11,402,870</u>	<u>\$10,468,571</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2004

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets	
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental activities:					
General government	\$ 379,996	\$ 241,981	\$ -	\$ 18,800	\$ (119,215)
Public safety:					
Police	996,020	18,582	19,496	10,402	(947,540)
Fire	417,764	23,959	20,507	25,790	(347,508)
Streets, drainage, and beautification	591,648	-	8,105	39,628	(543,915)
Interest on long-term debt	117,508	-	-	-	(117,508)
Total governmental activities	2,502,936	284,522	48,108	94,620	(2,075,686)
Business-type activities:					
Sewer	918,588	481,177	-	851,531	414,120
Water	771,157	617,502	-	-	(153,655)
Total business-type activities	1,689,745	1,098,679	-	851,531	260,465
Total	\$ 4,192,681	\$ 1,383,201	\$ 48,108	\$ 946,151	(1,815,221)
General revenues:					
Taxes -					
Property taxes, levied for general purposes				132,051	132,051
Property taxes, levied for debt service				115,147	
Sales and use taxes, levied for general purposes				2,058,704	2,058,704
Payment in lieu of taxes				18,571	18,571
Franchise taxes				200,927	200,927
Grants and contributions not restricted to specific programs -					
State sources				38,467	38,467
Indian gaming taxes				98,282	
Interest and investment earnings				32,173	11,863
Miscellaneous				43,335	43,335
Transfers				(1,099,876)	
Total general revenues and transfers				1,637,781	1,111,739
Change in net assets				(437,905)	934,299
Net assets - July 1, 2003				2,909,138	10,468,571
Net assets - June 30, 2004				\$ 2,471,233	\$ 11,402,870

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

1% Sales Tax Fund

To account for the receipt and use of proceeds of the City's 1% sales and use tax. These taxes are dedicated to and used for the purpose of paying principal and interest on any bonded debt or funded indebtedness of the City and for purposes of constructing, acquiring, extending, improving, operating, and/or maintaining sewers and sewerage disposal facilities, and streets, or any one or more of said purposes.

1/2% Sales Tax Fund

To account for the receipt and use of proceeds of the City's 1/2% sales and use tax. These taxes are dedicated to and used for the purpose of paying principal and interest on any bonded debt or funded indebtedness of the City and for purposes of payment of salaries and other personnel costs related to fire protection and police protection and acquiring, constricting, improving, maintaining, and operating fire and police facilities and equipment.

1/2% Public Safety Sales Tax Fund

To account for the receipt and use of proceeds of the City's 1/2% sales and use tax. These taxes are dedicated to and used for the purpose of paying principal and interest on any bonded debt or funded indebtedness of the City and for purposes of constructing, acquiring, extending, improving and maintaining streets for the City, including incidental drainage thereto.

Enterprise Fund

Sewer System Fund

To account for the provision of sewer and sanitation services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operations, maintenance, financing and related debt service, and billing and collections.

Water System Fund

To account for the provision of water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collections.

CITY OF MARKSVILLE, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2004

With Comparative Totals for June 30, 2003

	1%		1/2 %		1/2 %		Totals	
	General	Special Revenue	Special Revenue	Special Revenue	Public Safety Sales Tax Special Revenue	Other Governmental Funds	(Memorandum Only) 2004	2003
ASSETS								
Cash	\$177,678	\$ 4,101	\$ 3,842	\$ 7,911	\$ 2,006	\$ 195,538	\$ 157,974	
Interest-bearing deposits	352,292	132,432	71,068	80,000	804,607	1,440,399	2,629,551	
Receivables:								
Due from other funds	4,760	33,000	-	-	31,013	68,773	270,441	
Due from other governmental units	81,455	85,849	42,924	42,924	-	253,152	266,592	
Other	40,955	-	-	-	3,555	44,510	44,903	
Prepaid items	11,383	-	-	-	-	11,383	-	
Total assets	\$668,523	\$255,382	\$ 117,834	\$ 130,835	\$ 841,181	\$ 2,013,755	\$ 3,369,461	
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 70,386	\$ 1,367	\$ 683	\$ 683	\$ -	\$ 73,119	\$ 141,861	
Contracts payable	-	-	-	-	-	-	164,867	
Retainage payable	-	-	-	-	-	-	40,170	
Accrued liabilities	35,848	-	-	-	-	35,848	3,777	
Deferred revenue	31,520	-	-	-	-	31,520	39,628	
Due to other funds	15,009	2,280	1,140	1,140	-	19,569	144,131	
Total liabilities	152,763	3,647	1,823	1,823	-	160,056	534,434	
Fund balances:								
Reserved for prepaid items	11,383	-	-	-	-	11,383	-	
Reserved for debt service	-	-	-	-	547,170	547,170	742,413	
Unreserved, designated for subsequent years' expenditures	-	-	-	-	294,011	294,011	696,184	
Unreserved, undesignated	504,377	251,735	116,011	129,012	-	1,001,135	1,396,430	
Total fund balances	515,760	251,735	116,011	129,012	841,181	1,853,699	2,835,027	
Total liabilities and fund balances	\$668,523	\$255,382	\$ 117,834	\$ 130,835	\$ 841,181	\$ 2,013,755	\$ 3,369,461	

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2004

Total fund balances for governmental funds at June 30, 2004		\$ 1,853,699
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 162,514	
Buildings, net of \$151,469 accumulated depreciation	1,282,260	
Improvements other than buildings, net of \$79,112 accumulated depreciation	178,189	
Infrastructure, net of \$0 accumulated depreciation	78,871	
Equipment, furniture, and fixtures net of \$accumulated depreciation	<u>1,133,277</u>	2,835,111
Elimination of interfund assets and liabilities		
Due from other funds	19,569	
Due to other funds	<u>(19,569)</u>	-
Long-term liabilities at June 20, 2004:		
Bonds payable	(2,026,000)	
Capital lease payable	(104,675)	
Compensated absences	(72,204)	
Accrued interest payable	<u>(14,698)</u>	(2,217,577)
Total net assets of governmental activities at June 30, 2004		<u>\$ 2,471,233</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds

For the Year Ended June 30, 2004

With Comparative Totals for the Year Ended June 30, 2003

	General	1% Sales Tax Special Revenue	1/2% Sales Tax Special Revenue	1/2 % Public Safety Sales Tax Special Revenue	Other Governmental Funds	Totals (Memorandum Only) 2004	2003
Revenues:							
Taxes	\$ 356,937	\$ 1,029,352	\$ 514,676	\$ 514,676	\$ 115,147	\$ 2,530,788	\$ 2,350,629
Licenses and permits	241,981	-	-	-	-	241,981	202,736
Intergovernmental	298,048	-	-	-	-	298,048	1,519,322
Fines and forfeits	18,582	-	-	-	-	18,582	10,858
Miscellaneous	48,922	3,511	2,760	1,032	19,283	75,508	108,851
Total revenues	<u>964,470</u>	<u>1,032,863</u>	<u>517,436</u>	<u>515,708</u>	<u>134,430</u>	<u>3,164,907</u>	<u>4,192,396</u>
Expenditures:							
Current -							
General government	303,215	20,975	12,486	12,453	11,789	360,918	743,843
Public safety:							
Police	932,178	-	-	-	-	932,178	871,842
Fire	375,124	-	-	-	-	375,124	312,253
Streets, drainage, and beautification	554,400	-	-	-	-	554,400	546,058
Capital outlay	252,778	-	171,994	-	1,159	425,931	975,903
Debt service -							
Principal retirement	33,312	-	-	-	377,000	410,312	411,224
Interest and fiscal charges	3,232	-	-	-	120,167	123,399	141,547
Other	-	-	-	-	2,084	2,084	3,151
Total expenditures	<u>2,454,239</u>	<u>20,975</u>	<u>184,480</u>	<u>12,453</u>	<u>512,199</u>	<u>3,184,346</u>	<u>4,005,821</u>
Excess (deficiency) of revenues over expenditures	<u>(1,489,769)</u>	<u>1,011,888</u>	<u>332,956</u>	<u>503,255</u>	<u>(377,769)</u>	<u>(19,439)</u>	<u>186,575</u>
Other financing sources (uses):							
Proceeds from capital lease	137,987	-	-	-	-	137,987	-
Transfers in	1,345,000	168,000	-	-	432,385	1,945,385	2,021,496
Transfers out	(7,984)	(1,412,638)	(470,476)	(502,131)	(652,032)	(3,045,261)	(1,882,536)
Total other financing sources (uses)	<u>1,475,003</u>	<u>(1,244,638)</u>	<u>(470,476)</u>	<u>(502,131)</u>	<u>(219,647)</u>	<u>(961,889)</u>	<u>138,960</u>
Net changes in fund balances	<u>(14,766)</u>	<u>(232,750)</u>	<u>(137,520)</u>	<u>1,124</u>	<u>(597,416)</u>	<u>(981,328)</u>	<u>325,535</u>
Fund balances, beginning	<u>530,526</u>	<u>484,485</u>	<u>253,531</u>	<u>127,888</u>	<u>1,438,597</u>	<u>2,835,027</u>	<u>2,509,492</u>
Fund balances, ending	<u>\$ 515,760</u>	<u>\$ 251,735</u>	<u>\$ 116,011</u>	<u>\$ 129,012</u>	<u>\$ 841,181</u>	<u>\$ 1,853,699</u>	<u>\$ 2,835,027</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, 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

Total net changes in fund balances at June 30, 2004 per
 Statement of Revenues, Expenditures and Changes in Fund Balances \$ (981,328)

The change in net assets reported for governmental activities in the
 statement of activities is different because:

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.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 403,791	
Depreciation expense for the year ended June 30, 2004	<u>(137,842)</u>	265,949

Governmental funds report bonded debt repayments as expenditures.

However, this expenditure does not appear in the statement of activities since the payment is applied against the bond payable balance on the statement of net assets	410,312
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Less: Proceeds from the issuance of capital lease	(137,987)
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Less: Excess of compensated absences earned over compensated absences used	(2,826)
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Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	<u>7,975</u>
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Total changes in net assets at June 30, 2004 per Statement of Activities	<u>\$ (437,905)</u>
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The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA

Combining Statement of Net Assets
 June 30, 2004
 With Comparative Totals as of June 30, 2003

	Utility Enterprise Funds			
	Sewer	Water	Totals	
	System Fund	System Fund	2004	2003
ASSETS				
Current assets:				
Cash	\$ 44,607	\$ 13,808	\$ 58,415	\$ 48,150
Interest-bearing deposits	2,236	5,687	7,923	10,292
Receivables:				
Accounts	62,389	137,992	200,381	172,042
Unbilled utility receivables	36,098	51,971	88,069	51,077
Due from other funds	15,009	6,512	21,521	16,484
Other	12,000	-	12,000	-
Prepaid items	1,262	2,524	3,786	-
Total current assets	<u>173,601</u>	<u>218,494</u>	<u>392,095</u>	<u>298,045</u>
Noncurrent assets:				
Restricted assets:				
Cash	47,605	554,226	601,831	1,102,666
Interest-bearing deposits	99,504	411,547	511,051	496,293
Capital assets, net of accumulated depreciation	8,111,847	2,914,356	11,026,203	9,178,597
Total noncurrent assets	<u>8,258,956</u>	<u>3,880,129</u>	<u>12,139,085</u>	<u>10,777,556</u>
Total assets	<u>\$ 8,432,557</u>	<u>\$ 4,098,623</u>	<u>\$ 12,531,180</u>	<u>\$ 11,075,601</u>
LIABILITIES				
Current liabilities:				
Accounts payable	68,189	29,699	97,888	-
Accrued liabilities	5,892	11,808	17,700	1,388
Due to other funds	29,836	40,889	70,725	142,794
Payable from restricted assets -				
Revenue bonds payable	51,589	95,649	147,238	132,149
Accrued interest	3,425	12,534	15,959	15,595
Total current liabilities	<u>158,931</u>	<u>190,579</u>	<u>349,510</u>	<u>291,926</u>
Noncurrent liabilities:				
Compensated absences payable	7,965	6,812	14,777	8,242
Customers' deposits	80,250	274,505	354,755	338,265
Revenue bonds payable	1,543,406	1,337,095	2,880,501	2,877,735
Total noncurrent liabilities	<u>1,631,621</u>	<u>1,618,412</u>	<u>3,250,033</u>	<u>3,224,242</u>
Total liabilities	<u>1,790,552</u>	<u>1,808,991</u>	<u>3,599,543</u>	<u>3,516,168</u>
NET ASSETS				
Invested in capital assets	6,568,441	1,577,261	8,145,702	6,300,862
Restricted for debt service	11,845	109,113	120,958	121,848
Unrestricted	61,719	603,258	664,977	1,136,723
Total net assets	<u>\$ 6,642,005</u>	<u>\$ 2,289,632</u>	<u>\$ 8,931,637</u>	<u>\$ 7,559,433</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA
Enterprise Funds

Combining Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Utility Enterprise Funds			
	Sewer	Water	Totals	
	Fund	Fund	2004	2003
Operating revenues:				
Charges for services	\$ 481,177	\$ 617,502	\$1,098,679	\$ 967,545
Operating expenses:				
Salaries	171,713	207,926	379,639	381,252
Meter reader expense	-	27,194	27,194	28,265
Payroll taxes	14,497	21,765	36,262	25,561
Depreciation	257,102	139,668	396,770	361,245
Repairs and supplies	272,206	162,206	434,412	408,552
Insurance	51,760	65,615	117,375	82,034
Office expense	12,289	19,469	31,758	60,582
Professional fees	18,043	29,024	47,067	34,243
Utilities and telephone	44,035	35,208	79,243	87,611
Miscellaneous	15,198	8,218	23,416	21,624
Total operating expenses	<u>856,843</u>	<u>716,293</u>	<u>1,573,136</u>	<u>1,490,969</u>
Operating loss	<u>(375,666)</u>	<u>(98,791)</u>	<u>(474,457)</u>	<u>(523,424)</u>
Nonoperating revenues (expenses):				
Interest income	1,887	9,976	11,863	14,532
Interest expense	<u>(61,745)</u>	<u>(54,864)</u>	<u>(116,609)</u>	<u>(93,588)</u>
Total nonoperating revenues (expenses)	<u>(59,858)</u>	<u>(44,888)</u>	<u>(104,746)</u>	<u>(79,056)</u>
Loss before contributions and transfers	<u>(435,524)</u>	<u>(143,679)</u>	<u>(579,203)</u>	<u>(602,480)</u>
Capital contributions	<u>851,531</u>	<u>-</u>	<u>851,531</u>	<u>147,793</u>
Other financing sources (uses):				
Transfers in	1,093,523	166,206	1,259,729	324,446
Transfers out	<u>(151,133)</u>	<u>(8,720)</u>	<u>(159,853)</u>	<u>(463,406)</u>
Total other financing sources (uses)	<u>942,390</u>	<u>157,486</u>	<u>1,099,876</u>	<u>(138,960)</u>
Change in net assets	1,358,397	13,807	1,372,204	(593,647)
Net assets, beginning	<u>5,283,608</u>	<u>2,275,825</u>	<u>7,559,433</u>	<u>8,153,080</u>
Net assets, ending	<u>\$6,642,005</u>	<u>\$ 2,289,632</u>	<u>\$8,931,637</u>	<u>\$7,559,433</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA
Enterprise Funds

Combining Statement of Cash Flows
Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Sewer Fund	Water Fund	Totals	
			2004	2003
Cash flows from operating activities:				
Receipts from customers	\$ 456,569	\$ 576,779	\$ 1,033,348	\$ 948,540
Payments to suppliers	(349,976)	(305,540)	(655,516)	(739,688)
Payments to employees	(186,210)	(229,691)	(415,901)	(406,813)
Net cash provided (used) by operating activities	<u>(79,617)</u>	<u>41,548</u>	<u>(38,069)</u>	<u>(197,961)</u>
Cash flows from noncapital financing activities:				
Cash received from other funds	1,475	-	1,475	15,713
Cash paid to other funds	(30,009)	(48,572)	(78,581)	(7,182)
Operating transfers in	1,093,523	166,206	1,259,729	324,446
Operating transfers out	<u>(151,133)</u>	<u>(8,720)</u>	<u>(159,853)</u>	<u>(463,406)</u>
Net cash provided (used) by noncapital financing activities	<u>913,856</u>	<u>108,914</u>	<u>1,022,770</u>	<u>(130,429)</u>
Cash flows from capital and related financing activities:				
Issuance of bonds payable	150,000	-	150,000	1,400,000
Acquisition of property, plant and equipment	(1,717,636)	(526,740)	(2,244,376)	(196,889)
Payment of principal on bonds	(38,139)	(94,006)	(132,145)	(80,277)
Payment of interest on bonds	(60,381)	(55,864)	(116,245)	(94,429)
Proceeds from private grant	841,531	-	841,531	-
Proceeds from federal grant	-	-	-	95,405
Proceeds from municipality	10,000	-	10,000	52,388
Proceeds from meter deposits, net	<u>5,200</u>	<u>11,290</u>	<u>16,490</u>	<u>23,376</u>
Net cash provided (used) by capital and related financing activities	<u>(809,425)</u>	<u>(665,320)</u>	<u>(1,474,745)</u>	<u>1,199,574</u>
Cash flows from investing activities:				
Decrease in investments	-	-	-	130,000
Interest collected on investments	<u>1,887</u>	<u>9,976</u>	<u>11,863</u>	<u>14,532</u>
Net cash provided by investing activities	<u>1,887</u>	<u>9,976</u>	<u>11,863</u>	<u>144,532</u>
Net increase (decrease) in cash and cash equivalents	26,701	(504,882)	(478,181)	1,015,716
Cash and cash equivalents, beginning of period	<u>167,251</u>	<u>1,490,150</u>	<u>1,657,401</u>	<u>641,685</u>
Cash and cash equivalents, end of period	<u>\$ 193,952</u>	<u>\$ 985,268</u>	<u>\$ 1,179,220</u>	<u>\$ 1,657,401</u>

CITY OF MARKSVILLE, LOUISIANA
Enterprise Funds

Combining Statement of Cash Flows
Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003 (continued)

	Sewer Fund	Water Fund	Totals	
			2004	2003
Cash flows from operating activities:				
Operating loss	\$ (375,666)	\$ (98,791)	\$ (474,457)	\$ (523,424)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities -				
Depreciation	257,102	139,668	396,770	361,245
Changes in current assets and liabilities:				
Increase in accounts receivable	(24,608)	(40,723)	(65,331)	(25,789)
Increase in other receivables	(12,000)	-	(12,000)	-
Increase in prepaid items	(1,262)	(2,524)	(3,786)	-
Increase in accounts payable	68,189	29,699	97,888	-
(Decrease) increase in accrued liabilities	5,892	10,420	16,312	(9,521)
(Decrease) increase in compensated absences payable	2,736	3,799	6,535	(472)
Total adjustments	296,049	140,339	436,388	325,463
Net cash provided (used) by operating activities	(79,617)	41,548	(38,069)	(197,961)
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:				
Cash and cash equivalents, beginning of period -				
Cash - unrestricted	37,143	13,261	50,404	55,823
Interest-bearing deposits - unrestricted	-	8,038	8,038	130,000
Cash - restricted	44,588	1,058,078	1,102,666	228,862
Interest-bearing deposits - restricted	85,520	410,773	496,293	357,000
Less: interest-bearing deposits with a maturity in excess of 90 days	-	-	-	(130,000)
Total cash and cash equivalents	167,251	1,490,150	1,657,401	641,685
Cash and cash equivalents, end of period -				
Cash - unrestricted	44,607	13,808	58,415	48,150
Interest-bearing deposits - unrestricted	2,236	5,687	7,923	10,292
Cash - restricted	47,605	554,226	601,831	1,102,666
Interest-bearing deposits - restricted	99,504	411,547	511,051	496,293
Total cash and cash equivalents	193,952	985,268	1,179,220	1,657,401
Net increase (decrease)	\$ 26,701	\$ (504,882)	\$ (478,181)	\$ 1,015,716

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the City of Marksville (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note. For the fiscal year ended June 30, 2004, the City implemented the new financial reporting requirements of GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. As a result, an entirely new financial presentation format has been implemented.

A Financial Reporting Entity

The City of Marksville was incorporated on June 1, 1937, by special act of the Louisiana Legislature in 1937 (Act 126), and operates under a special charter. The City functions under a Mayor-Council form of government and provides the following services to residents within the city limits: public safety (police and fire), streets, drainage, recreation, public improvements, planning and zoning, water and sewer services, and general administrative services.

As the municipal governing authority, for reporting purposes, the City of Marksville is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) 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.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the City of Marksville for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization’s governing body, and
 - a. The ability to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.
4. Based upon the application of the above criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

The following component unit has been presented as a blended component unit:

Marksville Volunteer Fire Department -

The Marksville Volunteer Fire Department is governed by a group of volunteer citizens. The Marksville Volunteer Fire Department is not fiscally dependent on the City of Marksville; however, the City of Marksville includes revenues received and expenditures paid for the Fire Department as part of its general fund. The City of Marksville also provides for the Fire Department facilities and equipment and the Marksville Volunteer Fire Department provides public safety service almost exclusively to benefit the City of Marksville; therefore, these general-purpose financial statements include expenditures incurred directly by the Marksville Volunteer Fire Department from public funds in the General Fund. These general-purpose financial statements include operating expenditures paid with self-generated funds of the Marksville Volunteer Fire Department.

The following organizations are related organizations which have not been included in the reporting entity:

Marksville City Court -

The Marksville City Court is staffed by independently elected officials. Although the city does provide facilities and some of its financing, no control is exercised over its operations.

Marksville Housing Authority -

The Marksville Housing Authority was chartered by the City of Marksville, and its board of directors is appointed by the Mayor. However, the City's oversight responsibilities in the management, operations and financial accountability of the authority are remote.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The following funds of the City are considered to be major funds and are described below:

Governmental Funds -

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes.

1% Sales Tax Fund -

To account for the receipt and use of proceeds of the City's 1% sales and use tax that is legally restricted to expenditures for specific purposes.

1/2 % Sales Tax Fund -

To account for the receipt and use of proceeds of the City's 1/2 % sales and use tax that is legally restricted to expenditures for specific purposes.

1/2 % Public Safety Sales Tax Fund -

To account for the receipt and use of proceeds of the City's 1/2 % sales and use tax that is legally restricted to expenditures for specific purposes

Proprietary Funds

Enterprise Funds -

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City of Marksville's enterprise funds are the Sewer and Water Utility Funds.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Additionally, the City reports the following fund types:

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major facilities (other than those financed by *proprietary fund, special assessment funds, and trust funds*).

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The *proprietary funds* utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit with an original maturity of three months or less.

Interfund receivables and payables

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.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, and franchise fees. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible amounts due for customers' utility receivables are recognized as bad debts when they are no longer deemed collectable at the time information becomes available which would indicate the uncollectibility of the particular receivable. Unbilled water and sewer revenues between the date of the last meter reading billed before the end of June and the reading at or near the end of June billed in July are accrued based on the July billing amounts

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$500 or more for capitalizing capital assets.

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Sewer</u> <u>System</u>	<u>Water</u> <u>System</u>
Water wells	-	50
Water well improvements	-	10
Meters	-	50
Pumps, motors, compressors	5	50
Lines & other system installations	50	10
Vehicles & movable equipment	3-5	3-5
Office furniture & fixtures	10	10

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of revenue bonds payable and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund financial statements as it is in the government-wide statements.

Compensated Absences

The City of Marksville has the following policy regarding annual leave and sick leave:

After 1 year of full time employment	10 days
After 5 years of full time employment	15 days

An employee can accumulate up to 240 hours of annual leave. It is paid upon termination or retirement.

Equity Classifications

In the government-wide 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.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

- 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.
- 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 fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds - By Character
- Proprietary Funds - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

F. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 10
Sewer and water utility revenue	Debt service and utility operations

The City uses unrestricted resources only when restricted resources are fully depleted.

G. Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 15, the Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the period commencing the following July 1.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

H. Capitalization of Interest Expense

It is the policy of the City of Marksville to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. No interest was capitalized for the year ended June 30, 2004.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ materially from those estimates.

(2) Change in Accounting Principle

For the year ended June 30, 2004, the City has implemented GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at June 30, 2003 to be restated in terms of “net assets” as follows:

Total fund balances - Governmental Funds - at June 30, 2003		\$2,835,027
Add: Cost of capital assets at June 30, 2003	\$3,664,007	
Less: Accumulated depreciation at June 30, 2003	<u>(1,094,845)</u>	2,569,162
Less: Long-term debt payable at June 30, 2003	(2,403,000)	
Compensated absences payable at June 30, 2003	(69,378)	
Interest payable at June 30, 2003	<u>(22,673)</u>	<u>(2,495,051)</u>
Net assets at June 30, 2003		<u>\$2,909,138</u>

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2004, the City had cash and interest-bearing deposits (book balances) totaling \$2,815,157 as follows:

Demand deposits	\$ 855,784
Money market accounts and certificates of deposit	<u>1,959,373</u>
 Total	 <u>\$2,815,157</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2004 were secured as follows:

Bank balances	<u>\$2,887,560</u>
Federal deposit insurance	\$ 631,073
Pledged securities (Category 3)	<u>2,256,487</u>
 Total FDIC insurance and pledged securities	 <u>\$2,887,560</u>

Pledged securities in Category 3 include uninsured or unregistered investments, for which securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in June or October and are actually billed to the taxpayers in October. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Avoyelles Parish.

For the year ended June 30, 2004, taxes of 13.63 mills were levied on property with assessed valuations totaling \$19,278,040 and were dedicated as follows:

General corporate purposes	7.27 mills
Debt service	6.36 mills

Total taxes levied were \$262,760. There were no ad valorem taxes receivable at June 30, 2004

(5) Receivables

Receivable at June 30, 2004 of \$344,960 consist of the following:

	<u>General</u>	<u>Other Governmental</u>	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 62,389	\$ 137,992	\$ 200,381
Unbilled utility	-	-	36,098	51,971	88,069
Franchise taxes:					
Electric	21,956	-	-	-	21,956
Telephone	9,029	-	-	-	9,029
Cable	6,894	-	-	-	6,894
Other	3,076	-	12,000	-	15,076
Prepaid interest	-	3,555	-	-	3,555
Total	<u>\$ 40,955</u>	<u>\$ 3,555</u>	<u>\$ 110,487</u>	<u>\$ 189,963</u>	<u>\$ 344,960</u>

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Due from Other Governmental Agencies

Due from other governmental agencies of \$253,152 at June 30, 2004 consisted of:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>
Beer tax	\$ 3,011	\$ -	\$ 3,011
Sales tax	-	171,697	171,697
K-9 grant receivable	2,788	-	2,788
Police fines	1,800	-	1,800
Video poker	4,652	-	4,652
Gaming share	24,897	-	24,897
2% Fire insurance	20,507	-	20,507
DOTD	4,052	-	4,052
Rural fire	300	-	300
Housing authority	19,448	-	19,448
Total	<u>\$ 81,455</u>	<u>\$ 171,697</u>	<u>\$ 253,152</u>

(7) Restricted Assets - Proprietary Fund Types

Restricted assets consisted of the following at June 30, 2004:

Revenue bond sinking fund	\$ 70,832
Revenue bond reserve fund	102,675
Capital additions and contingency funds	110,648
Water town construction fund	473,972
Customers' deposits	<u>354,755</u>
Total restricted assets	<u>\$1,112,882</u>

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance 07/01/03	Additions	Deletions	Balance 06/30/04
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 170,914	\$ -	\$ 8,400	\$ 162,514
Other capital assets:				
Buildings	1,350,006	93,123	9,400	1,433,729
Improvements other than buildings	215,997	43,834	2,530	257,301
Infrastructure	-	78,871	-	78,871
Equipment, furniture and fixtures	1,927,090	196,363	73,842	2,049,611
Totals	<u>3,664,007</u>	<u>412,191</u>	<u>94,172</u>	<u>3,982,026</u>
Less accumulated depreciation				
Buildings	138,300	22,569	9,400	151,469
Improvements other than buildings	73,797	7,845	2,530	79,112
Equipment and vehicles	882,748	107,428	73,842	916,334
Total accumulated depreciation	<u>1,094,845</u>	<u>137,842</u>	<u>85,772</u>	<u>1,146,915</u>
Governmental activities, capital assets, net	<u>\$ 2,569,162</u>	<u>\$ 274,349</u>	<u>\$ 8,400</u>	<u>\$ 2,835,111</u>
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 113,832	\$ 33,750	\$ -	\$ 147,582
Other capital assets:				
Buildings and improvements	75,446	-	-	75,446
Sewer distribution system	8,888,968	1,653,604	-	10,542,572
Water distribution system	4,670,072	517,241	9,445	5,177,868
Equipment	315,333	39,781	40,287	314,827
Totals	<u>14,063,651</u>	<u>2,244,376</u>	<u>49,732</u>	<u>16,258,295</u>
Less accumulated depreciation				
Sewer distribution system	2,453,792	231,362	-	2,685,154
Water distribution system	2,072,786	128,016	9,445	2,191,357
Equipment	358,476	37,392	40,287	355,581
Total accumulated depreciation	<u>4,885,054</u>	<u>396,770</u>	<u>49,732</u>	<u>5,232,092</u>
Business-type activities, capital assets, net	<u>\$ 9,178,597</u>	<u>\$1,847,606</u>	<u>\$ -</u>	<u>\$11,026,203</u>

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 10,184
Police	60,832
Fire	41,441
Streets	<u>25,385</u>
Total depreciation expense	<u>\$ 137,842</u>

Depreciation expenses was charged to business-type activities as follows:

Sewer	\$ 257,102
Water	<u>139,668</u>
Total depreciation expense	<u>\$ 396,770</u>

(9) Changes in Long-term Debt

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

General Long-Term Debt – Governmental Activities

	<u>Balance 6/30/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/04</u>
General obligation bonds	\$ 2,403,000	\$ -	\$ 377,000	\$ 2,026,000
Capital lease payable	<u>-</u>	<u>137,987</u>	<u>33,312</u>	<u>104,675</u>
Total	<u>\$ 2,403,000</u>	<u>\$ 137,987</u>	<u>\$ 410,312</u>	<u>\$ 2,130,675</u>

General Long-term Debt – Business-type Activities

	<u>Balance 6/30/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/04</u>
Revenue bonds	<u>\$ 3,009,884</u>	<u>\$ 150,000</u>	<u>\$ 132,145</u>	<u>\$ 3,027,739</u>

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt payable at June 30, 2004 is comprised of the following:

	<u>Balance at 6/30/2004</u>	<u>Due in One Year</u>
General Obligation Bonds:		
\$260,000 Police Station & Fire Dept Equipment Bonds, Series 2001 dated February 7, 2001 due in annual installments of \$24,000 to \$33,000 through January 1, 2011; interest at 3.34% per annum. Funded by 1/2% sales tax revenues and ad valorem taxes of the fire department.	197,000	24,000
\$800,000, General Obligation Refunding Bonds, Series 2002 of Sewerage District Number One, dated January 23, 2002, due in annual installments of \$69,000 to \$93,000 through March 1, 2012; interest at 4.35% per annum. Funded by ad valorem taxes.	654,000	69,000
\$1,520,000 Sales Tax Bonds, Series 1997 dated February 1, 1997 due in annual installments of \$65,000 to \$120,000 through December 1, 2016; interest at 4.9% - 8% per annum. Funded by 1/2% sales tax revenues.	<u>1,175,000</u>	<u>65,000</u>
Total General Obligation Indebtedness	<u>\$ 2,026,000</u>	<u>\$ 158,000</u>
Revenue Bonds:		
\$1,100,000 Water Revenue Bonds, dated September 20, 1974 due to the Farmers' Home Administration in annual installments of \$40,000 to \$60,000 through January 1, 2014; interest at 5% annum; secured by and payable from proceeds of the water utility system.	\$ 500,000	\$ 40,000
\$1,200,000 Sewer Revenue Bonds, dated February 22, 1995 due to Farmers' Home Administration in 468 monthly installments of \$5,448 commencing March 1996 through December 2034; interest at 4 1/2% annum; secured by and payable from the proceeds of the sewer utility system.	1,082,935	16,992
\$1,000,000 Water Revenue Bonds dated April 25, 2003 due to Union Bank in monthly installments of \$6,906 to \$7,257 commencing April 2003 through March 2018; interest at 3% per annum; secured by and payable from proceeds of the water utility system.	932,744	55,649

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

\$400,000 Sewer Revenue Bonds dated October 25, 2002 due to Union Bank in monthly installments of \$2,763 to \$2,896 commencing September 2017; interest at 3% per annum; secured by and payable from the proceeds of the sewer utility system.	362,060	22,597
\$150,000 Sewer Revenue Bonds dated April 1, 2004 due in annual installments of \$12,000 to \$18,000 through February 25, 2014; interest at 3.77% per annum; secured by and payable from the proceeds of the sewer utility system.	<u>150,000</u>	<u>12,000</u>
Total Revenue Bonds Obligations	<u>\$3,027,739</u>	<u>\$147,238</u>

The long-term debt is due as follows:

Year Ending June 30	Governmental Activities				Business-type Activities	
	General Obligation Bonds		Capital Lease		Revenue Bonds	
	Principal Payments	Interest Payments	Principal Payments	Interest Payments	Principal Payments	Interest Payments
2005	\$ 158,000	\$ 95,274	\$ 45,364	\$ 3,361	\$ 147,235	\$ 116,249
2006	163,000	86,005	47,212	1,513	151,395	111,201
2007	173,000	77,670	12,099	81	159,664	105,443
2008	184,000	69,873	-	-	163,628	100,254
2009	194,000	61,540	-	-	172,606	95,349
2010-2014	809,000	175,115	-	-	957,150	378,747
2015-2019	345,000	26,375	-	-	548,772	217,335
2020-2024	-	-	-	-	182,681	144,199
2025-2029	-	-	-	-	228,679	98,201
2030-2033	-	-	-	-	286,360	40,520
2034-2035	-	-	-	-	29,569	466
	<u>\$2,026,000</u>	<u>\$591,852</u>	<u>\$104,675</u>	<u>\$ 4,955</u>	<u>\$3,027,739</u>	<u>\$1,407,964</u>

Capital Lease Payable

The City entered into a lease with Ford Motor Credit Corporation for the purchase of five police units. The lease is dated October 6, 2003 with the first payment due on that date and 35 succeeding monthly payments; the final payment being due on September 6, 2006. The monthly payments are \$4,060 with interest at 4.0% per annum.

The police units are recorded as capital assets at the present value of the minimum lease payments of \$137,987.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Compensated Absences

Probability of future payment under the benefit plans cannot be estimated for the basis of determining annual requirements. The amount of accrued compensated absences (long-term portion) is as follows:

Governmental activities	\$72,204
Business-type activities	<u>14,777</u>
Total	<u>\$86,981</u>

(10) Dedication of Sales Tax Revenues and Sinking Fund Requirements

A. 1% Sales and Use Tax

In November 1978, the voters of the City of Marksville approved a one percent sales and use tax for a period of twenty-five years from the date of the first levy, January 1, 1979. Proceeds of the tax, after payment of necessary collection expenses, are dedicated to constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewerage disposal facilities, and streets, or any one or more of said purposes, in that order. Proceeds of the tax may also be used for payment of bonds issued in connection with the construction, acquisition, extension and/or improvement of sewers and sewerage disposal facilities, waterworks facilities, and streets.

Collection of the 1% sales and use tax during the fiscal year ended June 30, 2004 totaled \$1,029,352.

Resolutions adopted by Mayor and Council on November 19, 1982 authorized the issuance of \$1,968,000 of Public Improvement Bonds; on March 8, 1983 authorizing the issuance of \$700,000 of Public Improvement Bonds; and on May 8, 1984 authorized the issuance of \$329,900 Public Improvement Bonds. These resolutions require that the avails of proceeds of the one percent (1%) sales and use tax shall be deposited with the City's regularly designated fiscal agent bank in a Sales Tax Fund. After payment of all reasonable and necessary costs and expenses of collecting the tax, certain transfers must be made from the Sales Tax Fund to the Sales Tax Bond Sinking Fund and the Sales Tax Bond Reserve Fund on a monthly basis on or before the 20th day of each month.

The transfers into the Sales Tax Bond Sinking Fund should be made in an amount equal to 1/12 of the total amount of principal and interest falling due in the ensuing year.

The transfers into the Sales Tax Bond Reserve Fund should be made in an amount equal to five percent (5%) of the amount paid into the Sinking Fund until there is one deposit the sum of \$241,500. For the fiscal year ended June 30, 2004, the City made all required transfers to the above funds.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

During the fiscal year ended June 30, 2004, all of the above issues were paid out.

B. ½% Sales and Use Tax

On November 4, 1980, voters of the City of Marksville approved the levy and collection of an additional ½% sales and use tax. Proceeds of this tax, after payment of necessary collection expenses, are dedicated to constructing, acquiring, extending, improving, operating and maintaining a sanitary landfill and solid waste disposal system for the City, including the purchase of the necessary equipment.

The tax was levied as of January 1, 1981 and collections during the fiscal year ended June 30, 2004 totaled \$514,676.

Resolutions adopted by the Mayor and Council on October 15, 1996 authorize the issuance of \$1,520,000 of Sales Tax Bonds. The resolution requires that the avails of proceeds of the one-half (1/2) percent sales and use tax dedicated to public safety, shall be deposited with the City's regularly designated fiscal agent bank in a 1996 ½% Sales Tax Fund. After payment of all reasonable and necessary costs and expenses of collecting the tax, certain transfers must be made from the Sales Tax Fund to the 1997 Sales Tax Bond Sinking Fund on a monthly basis.

C. ½% Sales and Use Tax

On July 20, 1996, voters of the City of Marksville approved the levy and collection of an additional ½% sales and use tax. Proceeds of this tax, after payment of necessary collection expenses, are dedicated to the payment of salaries and other personnel costs related to fire protection and police protection and acquiring, constructing, improving, maintaining, and operating fire protection and police facilities and equipment.

The tax was levied effective October 1, 1996 and collections during the fiscal year ended June 30, 2004 totaled \$514,676.

Resolutions adopted by the Mayor and Council on October 15, 1996 authorized the issuance of \$1,520,000 of Sales Tax Bonds. The resolution requires that the avails of proceeds of the one-half (1/2) percent sales and use tax dedicated to public safety, shall be deposited with the City's regularly designated fiscal agent bank in a 1996 ½% Sales Tax Fund. After payment of all reasonable and necessary costs and expenses of collecting the tax, certain transfers must be made from the Sales Tax Fund to the 1997 Sales Tax Bond Sinking Fund on a monthly basis.

The 1997 issue of \$1,520,000 of Sales Tax Bonds requires certain transfers to be made to a Sinking Fund on a monthly basis. The transfers into the Sinking Fund should be made in an amount equal to 1/12 of the total amount of principal and interest falling due in the ensuing year. For the fiscal year ended June 30, 2004, the City made all required transfers to this fund.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

There must be deposited and retained in the Reserve Fund a sum equal to the highest combined principal and interest requirements for any succeeding fiscal year which amounts to \$127,580. The Reserve Fund was initially funded with \$127,580 from the bond proceeds. At June 30, 2004 the Reserve Fund balance totaled \$131,376.

(11) Flow of Funds: Restriction on Use – Water System Revenues

Under the terms of the indenture for outstanding Water Revenue Bonds, all income and revenues of the Water System are pledged and dedicated to the retirement of said bonds and are to be deposited in a separate Revenue bond account. The money in this account is to be disbursed as follows:

1. To pay all reasonable and necessary expenses of administering, operating, repairing, and insuring the system.
2. To establish a Waterworks Revenue Bond and Interest Sinking Fund and to transfer thereto, no later than the 20th day of each month, 1/12 of the principal and interest falling due on January 1 of each year. During the fiscal year ended June 30, 2004 the City of Marksville made all required transfer to this fund.
3. To establish a Waterworks Reserve Fund and to transfer thereto, no later than the 20th day of each month, a sum at least equal to 5% of the amount to be paid into the Waterworks Revenue Bond and Interest Sinking Fund each month, until such time as there has been accumulated in the fund a sum of \$67,250. The money in this fund is to be retained solely for the purpose of paying the principal and interest on the Water Revenue bonds which cannot be paid from the sinking fund noted in the preceding paragraph. At June 30, 2004 the Waterworks Reserve Fund balance totaled \$72,566.
4. To establish a Waterworks Depreciation Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the System, and to transfer thereto no later than the 20th day of each month, the sum of \$270. During the fiscal year ended June 30, 2004 the City of Marksville made all required transfers to this fund. At June 30, 2004 the Waterworks Depreciation Fund balance totaled \$77,900.
5. The balance of the excess funds on deposit in the Revenue Fund account, after payment of all items noted above, may be used for the purposes of calling and/or paying bonds or for such other lawful corporate purposes as the governing authority of the City may determine, whether or not such purposes are related to the water system.

All or any part of the monies on reserve in any of the above funds may be invested in direct obligations of the United States of America maturing in five years or less, and all income earned on such investments shall be added to the respective fund from which the investment was made.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Flow of Funds: Restriction on Use – Sewer System Revenues

Under the terms of the indenture for outstanding Sewer Revenue Bonds, all income and revenues of the Sewer System are pledged and dedicated to the retirement of said bonds and are to be deposited in a separate Revenue Fund bank account. The money in this account is to be disbursed as follows:

1. To pay all reasonable and necessary expenses of administering, operating, repairing, and insuring the system.
2. To establish a Sewer Revenue Bond and Interest Sinking Fund and to transfer thereto, no later than the 20th day of each month, the principal and interest falling due on the next principal and interest payment date. During the fiscal year ended June 30, 2004 the City of Marksville made all required transfers to this fund.
3. To establish a Sewer Reserve Fund and to transfer thereto, no later than the 20th day of each month, a sum at least equal to 5% of the amount to be paid into the Sewer Revenue Bond and Interest Sinking Fund each month, until such time as there has been accumulated in the fund a sum of \$65,376. The money in this fund is to be retained solely for the purpose of paying the principal and interest on the Sewer Revenue bonds which cannot be paid from the sinking fund noted in the preceding paragraph. The City began funding the Sewer Reserve Fund upon the completion and acceptance of the improvements and extensions financed with the proceeds of the bonds. As of June 30, 2004, the Sewer Revenue Bonds Reserve Fund Balance totaled \$30,109.
4. To establish a Sewer Revenue Bonds Contingency Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the System, and to transfer thereto, no later than the 20th day of each month, the sum of \$297. The City began funding the Sewer Revenue Bonds Contingency Fund upon the completion and acceptance of the improvements and extensions financed with the proceeds of the bonds. As of June 30, 2004, the Sewer Revenue Bonds Contingency Fund totaled \$32,748.

The balance of the excess funds on deposit in the Revenue Fund account, after payment of all items noted above, may be used for the purposes of calling and/or paying bonds or for such other lawful corporate purposes as the governing authority of the City may determine, whether or not such purposes are related to the sewer system.

All or any part of the monies on reserve in any of the above funds may be invested in direct obligations of the United State of America maturing in five years or less, and all income earned on such investments shall be added to the respective fund from which the investment was made.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Retirement Commitments

All employees (excluding elected officials) of the City of Marksville are members of the social security system. The City Judge is a member of the Louisiana State Employees Retirement System and policemen are eligible to participate in the Municipal Police Employees Retirement System of Louisiana. These systems are multiple-employer (cost sharing), public employee retirement systems (PERS), controlled and administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Louisiana State Employees Retirement System

Plan Description –

The Louisiana State Employees' Retirement System provides retirement benefits as well as disability and survivor benefits. Benefits are established and amended by state statute. Benefits granted by the LASERS are guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974. The LASERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Louisiana State Employees' Retirement, Post Office 44213, Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0600.

Funding Policy –

Plan members of the City of Marksville are required by state statute to contribute 11.5 percent of their annual covered salary and the City of Marksville is required to contribute at an actuarially determined rate. The current employer rate is 14.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Marksville are established and may be amended by state statute. As provided by state statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The employer contributions to the LASERS for the year ending June 30, 2004, 2003, and 2002, were \$310, \$310, and \$319, respectively, equals to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description –

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary over the 36 consecutive or Final-average salary in the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy –

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Marksville is required to contribute at an actuarially determined rate. The current rate is 15.25 percent of annual covered payroll. The contribution requirements of plan members and the City of Marksville are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Marksville, contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$24,126, \$14,478 and \$11,941, respectively, equal to the required contributions for each year.

(14) Franchise Agreements

The City entered into franchise agreements with various public utility companies that provide services within the corporate limits of the City. A summary of each agreement is as follows:

A. Entergy

This agreement is effective October 14, 1980 for a period of twenty-five (25) years. Franchise fees are based on two percent (2%) of the gross receipts from the sale and delivery of electric energy for residential and commercial purposes billed on commercial and residential rates within the limits of the City of Marksville. Fees are payable quarterly within thirty (30) days of the end of the quarter.

B. Charter Communications

This agreement is effective January 13, 2002 for a period of fifteen (10) years. The franchise fee is based on three percent (3%) of gross subscription receipts, less state sales taxes, federal excise tax and copyright received by the company within the City limits. Fees are payable to the City quarterly, by the 10th of the month following quarter end.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

C. Entex, a Division of Arkla, Inc.

This agreement is effective October 13, 1992 for a period of twenty-five (25) years. The franchise fee is based on four percent (4%) of the gross receipts from the sale of gas for residential and commercial rates within the limits of the City of Marksville. Fees for the calendar year are payable by the 10th day of each February for the preceding year.

(15) Other Agreements

A. Tunica Biloxi Indian Tribe

On March 22, 1996, the City of Marksville entered into an intergovernmental agreement with the Tunica Biloxi Indian Tribe of Louisiana regarding construction of sewerage disposal system. The City will build, construct, and supply facilities capable of accepting 430,000 gallons of sewerage daily from the casino project. The Tribe will pay up to \$900,000 in aggregate to purchase necessary lands and construct facilities as required by the agreement. The Tribe will deposit \$1,000,000 in trust, from which the City will draw funds for the costs of the project.

Upon acceptance of a construction contract, the Tribe will pay the City \$100,000, which is non-refundable. When the sewer system begins accepting 90,000 gallons per day of sewage discharge from the casino project, the Tribe will pay the City \$100,000, which is non-refundable. When a certificate of substantial completion is issued, the Tribe will pay the City: \$100,000; \$12,000 per month for system operations; periodic testing; and future improvements as specified in the agreement.

The City's obligation to accept sewage from the casino project will be for 15 years from the date the City begins accepting sewage under the agreement. An addendum to the agreement specifying commencement and ending dates will be signed within the first 10 days of acceptance by the City.

As of June 30, 2004, and until the sewerage project is complete and the substantial completion certificate signed, the City will continue to accept sewage from the casino project under the provisions of the Thirty Day Sewage Agreement dated July 18, 1994, which provides for the following:

The Tribe will pay a charge of \$14,150 per month for sewer services which provides that the Tribe will pump a maximum of 60,000 gallons per day in the City sewer system. Any amount exceeding 60,000 gallons is pumped into a separate holding facility and independently disposed of by the Tribe. Also, the Tribe will reimburse the City for overtime wages, engineering and legal fees, and certain percentages of repairs and breakdowns relative to accepting sewage discharge from the casino project.

Expansion of the existing oxidation pond is to be completed by the Tribe, but only engineering fees have been expended on this part of the project.

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Sales Tax Collection Agreement

On June 15, 1993, the City of Marksville entered into an intergovernmental agreement with the Avoyelles Parish School Board for a one year period commencing on July 1, 1993 whereby the School Board will collect the sales and use taxes, including interest, penalties, fees and cost, levied by the City of Marksville under the City's ordinances for a monthly fee of 1 ½% of the gross tax revenues collected by the School Board. The School Board will remit the sales tax collections to the City of Marksville on a monthly basis no later than the 10th day of each month after reasonable and necessary cost and expenses of collection in administration of the taxes have been deducted, including the collection fee. This agreement is renewed annually on July 1, and has been renewed as of July 1, 2004.

(16) Segment Information for the Enterprise Fund

The City of Marksville maintains two enterprise funds that provide water and gas services. Segment information for the year ended June 30, 2004, was as follows:

	Sewer Fund	Water Fund	Total Enterprise Funds
Operating revenues	<u>\$ 481,177</u>	<u>\$617,502</u>	<u>\$1,098,679</u>
Depreciation	257,102	139,668	396,770
Operating expenses	<u>599,741</u>	<u>576,625</u>	<u>1,176,366</u>
Total operating expenses	<u>856,843</u>	<u>716,293</u>	<u>1,573,136</u>
Operating loss	<u>\$ (375,666)</u>	<u>\$ (98,791)</u>	<u>\$ (474,457)</u>

(17) Compensation of Elected Officials

A detail of compensation paid to elected officials for the year ended June 30, 2004 follows:

	<u>Compensation</u>	<u>Term Expires</u>
Richard R. Michel, Mayor	\$ 6,520	June 30, 2006
Council members:		
Janet D. Gros	4,120	June 30, 2006
Dale J. Bernard	4,055	June 30, 2006
Alfred Channel, III	4,120	June 30, 2006
Joyce L. Prier	4,120	June 30, 2006
Richard W. Tassin	<u>4,055</u>	June 30, 2006
	<u>\$ 26,990</u>	

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(18) Federal Financial Assistance

During the fiscal year ended June 30, 2004, the City received \$56,110 of Federal Emergency Management Assistance (FEMA) funds for the Volunteer Fire Department, of which \$24,590 was expended for fire department equipment. The remaining \$31,520 was included as deferred revenue at June 30, 2004. The City also expended \$39,628 of FEMA funds that were deferred from the prior year.

The City of Marksville received \$10,402 in LLEBG grant monies for the purchase of computers for the police department.

(19) Contingencies

The City has elected not to carry general liability insurance coverage and is presently carrying only auto liability, property insurance and workmen's compensation insurance. The potential loss to the City of Marksville for any damage awarded under uninsured claims is undeterminable. At June 30, 2004, any pending litigation or unsettled claims against the City of Marksville were immaterial.

(20) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2004:

Due to the Capital Outlay Fund from the Sewer and Gas Utility Funds for reimbursement for expenditures paid	\$ 15,377
Due to the 1992 Sewer Project Fund from the Sewer Utility Fund for reimbursement for expenditures paid	15,636
Due to the General Fund from the Sewer Utility Fund representing short-term loans	15,009
Due to the 1% Sales Tax Fund from the Water Utility Fund for reimbursement for expenditures paid	33,000
Other	<u>11,272</u>
Total	<u>\$ 90,294</u>

Summary of balances due from other funds reported in fund financial statements:

Due from other funds, Balance Sheet - Governmental Funds	\$ 68,773
Due from other funds, Statement of Net Assets - Proprietary Funds	<u>21,521</u>
Total	<u>\$ 90,294</u>

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Transfers

Transfers consisted of the following at June 30, 2004:

	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds -		
General Fund	\$ 1,345,000	\$ 7,984
Special Revenue Funds:		
1% Sales Tax Fund	168,000	1,412,638
1/2% Sales Tax Fund	-	470,476
1/2% Public Safety Sales Tax Fund	-	502,131
Proprietary Funds:		
Sewer Utility Fund	1,093,523	151,133
Water Utility Fund	166,206	8,720
Nonmajor Funds -		
Debt Service Funds:		
Water and Sewer System Improvements Bond	185,905	171,387
Street Improvement Bond	-	2,819
Public Safety Bond	129,600	4,362
Police Station Bond	44,484	-
Capital Outlay Capital Projects Fund	<u>72,396</u>	<u>473,464</u>
	<u>\$ 3,205,114</u>	<u>\$ 3,205,114</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

(21) Expenditures in Excess of Appropriations

No funds had expenditures in excess of budgeted appropriations.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF MARKSVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended June 30, 2004
With Comparative Actual Amounts for Year Ended June 30, 2003

	2004				
	Budget		Actual	Variance with	2003 Actual
	Original	Final		Final Budget Positive (Negative)	
Revenues:					
Taxes	\$ 325,650	\$ 332,995	\$ 356,937	\$ 23,942	\$ 326,355
Licenses and permits	212,700	241,867	241,981	114	202,736
Intergovernmental	253,445	271,801	298,048	26,247	462,662
Fines and forfeitures	9,800	16,630	18,582	1,952	10,858
Miscellaneous	48,450	33,697	48,922	15,225	60,984
Total revenues	<u>850,045</u>	<u>896,990</u>	<u>964,470</u>	<u>67,480</u>	<u>1,063,595</u>
Expenditures:					
Current -					
General government	290,135	294,713	303,215	(8,502)	440,976
Public safety:					
Police	865,835	928,745	932,178	(3,433)	871,842
Fire	297,530	344,993	375,124	(30,131)	312,253
Streets, drainage, and beautification	542,245	536,003	554,400	(18,397)	546,058
Capital outlay	25,000	253,683	252,778	905	56,961
Debt service	-	36,500	36,544	(44)	58,301
Total expenditures	<u>2,020,745</u>	<u>2,394,637</u>	<u>2,454,239</u>	<u>(59,602)</u>	<u>2,286,391</u>
Deficiency of revenues over expenditures	<u>(1,170,700)</u>	<u>(1,497,647)</u>	<u>(1,489,769)</u>	<u>7,878</u>	<u>(1,222,796)</u>
Other financing sources (uses):					
Proceeds from capital lease	-	137,987	137,987	-	-
Transfers in	1,298,000	1,230,500	1,345,000	114,500	1,115,317
Transfers out	(123,000)	-	(7,984)	(7,984)	(8,000)
Total other financing sources (uses)	<u>1,175,000</u>	<u>1,368,487</u>	<u>1,475,003</u>	<u>106,516</u>	<u>1,107,317</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	4,300	(129,160)	(14,766)	114,394	(115,479)
Fund balance, beginning	<u>530,526</u>	<u>530,526</u>	<u>530,526</u>	<u>-</u>	<u>646,005</u>
Fund balance, ending	<u>\$ 534,826</u>	<u>\$ 401,366</u>	<u>\$ 515,760</u>	<u>\$114,394</u>	<u>\$ 530,526</u>

CITY OF MARKSVILLE, LOUISIANA
1% Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
Year Ended June 30, 2004
With Comparative Actual Amounts for Year Ended June 30, 2003

	2004				
	Budget		Actual	Variance with	2003 Actual
	Original	Final		Final Budget Positive (Negative)	
Revenues:					
Taxes	\$ 960,000	\$1,016,722	\$ 1,029,352	\$ 12,630	\$ 960,513
Miscellaneous	6,900	3,600	3,511	(89)	6,996
Total revenues	<u>966,900</u>	<u>1,020,322</u>	<u>1,032,863</u>	<u>12,541</u>	<u>967,509</u>
Expenditures:					
Current -					
General government:					
Professional fees	5,800	4,020	4,020	-	4,336
Collection fees	-	16,000	16,835	(835)	15,651
Miscellaneous	200	119	120	(1)	8
Total expenditures	<u>6,000</u>	<u>20,139</u>	<u>20,975</u>	<u>(836)</u>	<u>19,995</u>
Excess of revenues over expenditures	<u>960,900</u>	<u>1,000,183</u>	<u>1,011,888</u>	<u>11,705</u>	<u>947,514</u>
Other financing sources (uses):					
Proceeds from loan	-	150,000	-	\$ (150,000)	-
Transfers from -					
Water and Sewer Bond Fund	-	168,000	168,000	-	-
Transfers to -					
General Fund	(450,000)	(495,000)	(540,000)	(45,000)	(435,000)
Sewer Utility Fund	-	(133,000)	(444,061)	(311,061)	(215,975)
Water Utility Fund	-	(86,000)	(109,286)	(23,286)	(68,363)
Capital Outlay Fund	-	(48,000)	(48,000)	-	-
Water and Sewer Bond Fund	-	(251,915)	(268,825)	(16,910)	(254,172)
Other Funds	-	(2,391)	(2,466)	(75)	(6,076)
Total other financing sources (uses)	<u>(450,000)</u>	<u>(698,306)</u>	<u>(1,244,638)</u>	<u>(546,332)</u>	<u>(979,586)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	510,900	301,877	(232,750)	(534,627)	(32,072)
Fund balance, beginning	<u>484,485</u>	<u>484,485</u>	<u>484,485</u>	<u>-</u>	<u>516,557</u>
Fund balance, ending	<u>\$ 995,385</u>	<u>\$ 786,362</u>	<u>\$ 251,735</u>	<u>\$ (534,627)</u>	<u>\$ 484,485</u>

CITY OF MARKSVILLE, LOUISIANA
1/2% Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
Year Ended June 30, 2004
With Comparative Actual Amounts for Year Ended June 30, 2003

	2004		Actual	Variance with Final Budget Positive (Negative)	2003 Actual
	Budget				
	Original	Final			
Revenues:					
Taxes	\$480,000	\$468,000	\$514,676	\$ 46,676	\$480,264
Miscellaneous	<u>3,000</u>	<u>2,800</u>	<u>2,760</u>	<u>(40)</u>	<u>3,716</u>
	<u>483,000</u>	<u>470,800</u>	<u>517,436</u>	<u>46,636</u>	<u>483,980</u>
Expenditures:					
Current -					
General government:					
Professional fees	4,000	4,020	4,020	-	3,435
Sales tax collection fees	-	8,000	8,418	(418)	7,826
Miscellaneous	<u>100</u>	<u>50</u>	<u>48</u>	<u>2</u>	<u>87</u>
Total general government	4,100	12,070	12,486	(416)	11,348
Capital outlay -					
Street repairs and overlay	<u>-</u>	<u>93,125</u>	<u>171,994</u>	<u>(78,869)</u>	<u>31,384</u>
Total expenditures	<u>4,100</u>	<u>105,195</u>	<u>184,480</u>	<u>(79,285)</u>	<u>42,732</u>
Excess of revenues over expenditures	<u>478,900</u>	<u>365,605</u>	<u>332,956</u>	<u>(32,649)</u>	<u>441,248</u>
Other financing uses:					
Transfers to -					
General Fund	(370,000)	(430,000)	(470,000)	(40,000)	(368,000)
Sewer Utility Fund	(107,000)	-	-	-	(3,504)
Water Utility Fund	-	-	-	-	(3,504)
Capital Outlay Fund	-	(450)	(476)	(26)	-
Other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(630)</u>
Total other financing uses	<u>(477,000)</u>	<u>(430,450)</u>	<u>(470,476)</u>	<u>(40,026)</u>	<u>(375,638)</u>
Excess (deficiency) of revenues over expenditures and other uses	1,900	(64,845)	(137,520)	(72,675)	65,610
Fund balance, beginning	<u>253,531</u>	<u>253,531</u>	<u>253,531</u>	<u>-</u>	<u>187,921</u>
Fund balance, ending	<u>\$255,431</u>	<u>\$188,686</u>	<u>\$116,011</u>	<u>\$(72,675)</u>	<u>\$253,531</u>

CITY OF MARKSVILLE, LOUISIANA
1/2% Public Safety Sales Tax Fund

Budgetary Comparison Schedule
Year Ended June 30, 2004
With Comparative Actual Amounts for Year Ended June 30, 2003

	2004		Actual	Variance - Favorable (Unfavorable)	2003 Actual
	Budget				
	Original	Final			
Revenues:					
Taxes	\$ 480,000	\$ 468,000	\$514,676	\$ 46,676	\$480,264
Miscellaneous	2,500	1,000	1,032	32	1,363
Total revenues	<u>482,500</u>	<u>469,000</u>	<u>515,708</u>	<u>46,708</u>	<u>481,627</u>
Expenditures:					
Current -					
General government:					
Professional fees	4,000	4,020	4,020	-	3,415
Collection fees	-	8,000	8,418	(418)	7,826
Miscellaneous	100	15	15	-	-
Total expenditures	<u>4,100</u>	<u>12,035</u>	<u>12,453</u>	<u>(418)</u>	<u>11,241</u>
Excess of revenues over expenditures	<u>478,400</u>	<u>456,965</u>	<u>503,255</u>	<u>46,290</u>	<u>470,386</u>
Other financing uses:					
Transfers to other funds -					
General Fund	(355,000)	(305,000)	(335,000)	(30,000)	(311,000)
Public Safety Bond Fund	(123,000)	(118,800)	(129,600)	(10,800)	(129,600)
Police Station Bond Fund	-	(33,500)	(36,500)	(3,000)	(37,200)
Other funds	-	(946)	(1,031)	(85)	(1,363)
Total other financing uses	<u>(478,000)</u>	<u>(458,246)</u>	<u>(502,131)</u>	<u>(43,885)</u>	<u>(479,163)</u>
Excess (deficiency) of revenues over expenditures and other uses	400	(1,281)	1,124	2,405	(8,777)
Fund balance, beginning	<u>127,888</u>	<u>127,888</u>	<u>127,888</u>	<u>-</u>	<u>136,665</u>
Fund balance, ending	<u>\$ 128,288</u>	<u>\$ 126,607</u>	<u>\$129,012</u>	<u>\$ 2,405</u>	<u>\$127,888</u>

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

CITY OF MARKSVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
Year Ended June 30, 2004
With Comparative Actual Amounts for Year Ended June 30, 2003

	2004				
	Budget		Actual	Variance with Final Budget	2003 Actual
	Original	Final		Positive (Negative)	
Taxes:					
Ad valorem	\$ 112,000	\$ 131,847	\$ 132,051	\$ 204	\$ 112,663
Ad valorem - fire department	24,000	-	23,959	23,959	23,035
Franchise -					
Electric	77,900	87,225	88,613	1,388	79,691
Telephone	44,500	40,960	39,112	(1,848)	43,897
Cable TV	27,180	27,340	27,579	239	26,962
Gas	35,870	45,623	45,623	-	35,872
Chain store	4,200	-	-	-	4,235
Total taxes	<u>325,650</u>	<u>332,995</u>	<u>356,937</u>	<u>23,942</u>	<u>326,355</u>
Licenses and permits:					
Occupational licenses	210,000	233,900	233,813	(87)	200,128
Building permits	2,700	7,967	8,168	201	2,608
Total licenses and permits	<u>212,700</u>	<u>241,867</u>	<u>241,981</u>	<u>114</u>	<u>202,736</u>
Intergovernmental:					
Federal -					
Grants	14,800	35,402	74,620	39,218	199,280
State of Louisiana -					
Beer tax	23,000	23,053	16,976	(6,077)	19,896
Video poker	30,350	21,859	21,491	(368)	29,610
Fire insurance rebate	17,090	19,035	20,507	1,472	19,035
State grants	16,500	46,469	38,296	(8,173)	23,879
Highway maintenance	8,105	8,105	8,105	-	8,105
Local-					
Indian gaming taxes	124,000	99,119	98,282	(837)	143,220
Housing authority - In lieu of taxes	18,400	17,559	18,571	1,012	18,437
Rural fire	1,200	1,200	1,200	-	1,200
Total intergovernmental	<u>253,445</u>	<u>271,801</u>	<u>298,048</u>	<u>26,247</u>	<u>462,662</u>
Fines and forfeitures	<u>9,800</u>	<u>16,630</u>	<u>18,582</u>	<u>1,952</u>	<u>10,858</u>
Miscellaneous:					
Interest income	6,950	5,109	5,587	478	7,527
Sale of capital assets	3,500	-	-	-	3,500
Salary reimbursement	10,000	8,308	9,810	1,502	7,237
Disposal fee income	4,800	2,860	3,430	570	3,760
Other sources	23,200	17,420	30,095	12,675	38,960
Total miscellaneous	<u>48,450</u>	<u>33,697</u>	<u>48,922</u>	<u>15,225</u>	<u>60,984</u>
Total revenues	<u>\$ 850,045</u>	<u>\$ 896,990</u>	<u>\$ 964,470</u>	<u>\$ 67,480</u>	<u>\$ 1,063,595</u>

CITY OF MARKSVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
Year Ended June 30, 2004
With Comparative Actual Amounts for Year Ended June 30, 2003

	2004			Variance with Final Budget Positive (Negative)	2003 Actual
	Budget		Actual		
	Original	Final			
Expenditures:					
Current -					
General government:					
Administrative -					
Salaries - administrative	\$ 100,600	\$ 106,000	\$ 105,970	\$ 30	\$ 98,719
Salaries - mayor and council	26,200	26,805	26,990	(185)	26,730
Attorney fees	24,000	24,000	24,000	-	24,000
Payroll taxes and employee benefits	10,560	9,700	11,945	(2,245)	13,660
Group insurance	-	11,000	11,182	(182)	-
Legal and professional fees	35,000	24,000	23,278	722	40,571
Insurance	18,660	24,000	24,742	(742)	18,613
Stationery and printing	650	1,030	1,030	-	606
Dues and subscriptions	2,900	3,265	3,327	(62)	2,889
Celebrations	6,300	7,560	8,655	(1,095)	7,413
Telephone	5,950	4,900	5,095	(195)	5,729
Utilities	7,700	5,000	5,009	(9)	7,674
Building maintenance	8,200	7,500	7,075	425	7,869
Fuel	850	1,100	1,061	39	845
Parts and repairs	5,425	8,800	9,542	(742)	11,993
Office supplies	12,050	5,500	5,864	(364)	3,522
Uniforms	-	900	906	(6)	-
City hall expenditures	550	-	-	-	519
Convention and travel	2,200	4,350	4,625	(275)	1,972
Culture and recreation	500	338	338	-	113
Election expenses	4,500	2,684	2,684	-	7,317
Miscellaneous	6,300	4,281	6,504	(2,223)	148,555
Total administrative	<u>279,095</u>	<u>282,713</u>	<u>289,822</u>	<u>(7,109)</u>	<u>429,309</u>
City court -					
Ward marshal salary	2,520	2,500	2,520	(20)	2,310
City court employees salaries	5,800	5,500	5,556	(56)	5,766
City judge salary	2,520	2,500	2,520	(20)	2,520
City court employees benefits	200	1,500	2,797	(1,297)	1,071
Total city court	<u>11,040</u>	<u>12,000</u>	<u>13,393</u>	<u>(1,393)</u>	<u>11,667</u>
Total general government	<u>290,135</u>	<u>294,713</u>	<u>303,215</u>	<u>(8,502)</u>	<u>440,976</u>

(continued)

CITY OF MARKSVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended June 30, 2004
With Comparative Actual Amounts for Year Ended June 30, 2003

	2004			Variance with Final Budget Positive (Negative)	2003 Actual
	Budget		Actual		
	Original	Final			
Public safety:					
Police department -					
Salaries	574,200	593,500	575,005	18,495	563,236
Payroll taxes and employee benefits	46,900	44,750	52,861	(8,111)	46,610
Legal and professional	5,900	7,500	8,318	(818)	6,208
Insurance	58,000	64,500	62,535	1,965	56,287
Group insurance	7,400	50,750	53,770	(3,020)	7,224
Retirement	11,800	21,500	23,791	(2,291)	13,505
Dues and subscriptions	1,400	1,648	1,648	-	1,231
Fuel	26,700	26,500	29,576	(3,076)	27,127
Parts and repair	49,400	41,100	43,885	(2,785)	43,917
Building maintenance	8,000	5,600	5,604	(4)	8,183
Stationery and printing	1,000	500	558	(58)	856
Uniforms	6,300	5,850	6,867	(1,017)	7,048
Prisoner costs	10,400	7,500	8,516	(1,016)	9,985
Office supplies	11,660	10,000	15,792	(5,792)	20,254
Telephone	20,000	19,500	18,310	1,190	24,959
Claims and judgments	1,200	997	997	-	1,072
Training	6,900	2,500	2,256	244	6,640
Convention and travel	1,400	1,900	2,091	(191)	1,315
Utilities	9,900	8,500	8,571	(71)	9,947
Narcotics	6,000	3,000	2,350	650	6,370
Film	750	331	331	-	667
Miscellaneous	625	10,819	8,546	2,273	9,201
Total police department	<u>865,835</u>	<u>928,745</u>	<u>932,178</u>	<u>(3,433)</u>	<u>871,842</u>

(continued)

CITY OF MARKSVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended June 30, 2004

With Comparative Actual Amounts for Year Ended June 30, 2003

	2004			Variance with Final Budget Positive (Negative)	2003 Actual
	Budget		Actual		
	Original	Final			
Fire department -					
Salaries	150,700	155,000	155,967	(967)	150,367
Payroll taxes and employee benefits	12,800	14,800	16,577	(1,777)	13,375
Celebrations	4,820	6,000	7,800	(1,800)	4,829
Supplies	100	1,000	929	71	314
Legal and professional fees	2,000	7,000	5,495	1,505	1,620
Insurance	57,900	62,500	67,719	(5,219)	58,205
Group insurance	3,110	14,000	14,650	(650)	3,105
Dues and subscriptions	50	585	585	-	50
Fuel	3,450	6,100	6,351	(251)	3,383
Parts and repair	20,900	38,448	42,751	(4,303)	23,464
Building maintenance	11,850	5,500	5,889	(389)	12,301
Uniforms	3,100	2,800	3,568	(768)	3,338
Office supplies	1,100	2,500	12,386	(9,886)	1,071
Telephone	2,250	2,500	2,390	110	2,262
Utilities	9,000	7,200	7,295	(95)	8,864
Volunteer fireman supplies	12,900	16,500	19,068	(2,568)	24,296
Training	1,300	2,532	3,282	(750)	1,250
Miscellaneous	200	28	2,422	(2,394)	159
Total fire department	<u>297,530</u>	<u>344,993</u>	<u>375,124</u>	<u>(30,131)</u>	<u>312,253</u>
Streets, drainage and beautification:					
Streets and drainage -					
Salaries	188,000	192,500	188,424	4,076	182,900
Payroll taxes and employee benefits	13,600	14,000	14,358	(358)	13,856
Legal and professional fees	4,700	5,500	6,717	(1,217)	4,287
Insurance	42,000	37,632	41,253	(3,621)	41,940
Group insurance	3,700	10,750	11,669	(919)	3,612
Celebrations	500	600	600	-	458
Office supplies	125	100	99	1	435
Claims and judgments	600	214	214	-	538
Fuel	11,700	11,000	12,027	(1,027)	12,378
Parts and repair	95,800	65,250	70,724	(5,474)	97,564
Building maintenance	7,500	7,450	7,537	(87)	7,755
Uniforms	300	5,900	5,390	510	242
Utilities	3,200	6,500	7,098	(598)	3,297
Street lights	60,800	60,500	64,833	(4,333)	61,560
Materials and supplies	9,800	9,700	13,916	(4,216)	9,230
Dog control and pound	3,000	5,500	5,677	(177)	6,506
Miscellaneous	6,650	9,750	3,128	6,622	6,803
Total streets	<u>451,975</u>	<u>442,846</u>	<u>453,664</u>	<u>(10,818)</u>	<u>453,361</u>

(continued)

CITY OF MARKSVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended June 30, 2004
With Comparative Actual Amounts for Year Ended June 30, 2003

	2004		Actual	Variance with Final Budget Positive (Negative)	2003 Actual
	Budget				
	Original	Final			
Beautification -					
Park and Canal:					
Salary reimbursement	17,750	18,000	18,300	(300)	17,750
Insurance	100	714	831	(117)	541
Fuel	2,080	2,200	2,249	(49)	2,127
Parts and repairs	5,000	8,900	9,840	(940)	6,141
Vehicle repairs	2,100	150	109	41	2,047
Miscellaneous	750	1,000	775	225	941
Total park and canal beautification	<u>27,780</u>	<u>30,964</u>	<u>32,104</u>	<u>(1,140)</u>	<u>29,547</u>
Street:					
Salary reimbursement	10,800	11,400	11,400	-	10,850
Insurance	1,150	714	831	(117)	1,118
Fuel	2,900	2,900	3,058	(158)	2,957
Parts and repairs	11,900	17,000	19,421	(2,421)	11,567
Vehicle repairs	400	800	760	40	316
Miscellaneous	800	800	619	181	888
Total street beautification	<u>27,950</u>	<u>33,614</u>	<u>36,089</u>	<u>(2,475)</u>	<u>27,696</u>
Crew #3:					
Salaries	27,700	19,000	18,823	177	27,720
Payroll taxes	2,100	1,450	3,288	(1,838)	2,864
Insurance	300	714	831	(117)	271
Fuel	1,400	2,500	2,462	38	1,473
Parts and repairs	1,150	1,200	1,365	(165)	1,327
Vehicle repairs	1,110	3,250	3,161	89	1,017
Miscellaneous	780	465	2,613	(2,148)	782
Total Crew #3 beautification	<u>34,540</u>	<u>28,579</u>	<u>32,543</u>	<u>(3,964)</u>	<u>35,454</u>
Total streets, drainage, and beautification	<u>542,245</u>	<u>536,003</u>	<u>554,400</u>	<u>(18,397)</u>	<u>546,058</u>
Capital outlay -					
General	-	60,000	62,634	(2,634)	4,210
Police	25,000	168,683	162,529	6,154	41,953
Fire	-	25,000	27,615	(2,615)	10,798
Total capital outlay	<u>25,000</u>	<u>253,683</u>	<u>252,778</u>	<u>905</u>	<u>56,961</u>
Debt service -					
Principal retirement	-	33,300	33,312	(12)	56,224
Interest and fiscal charges	-	3,200	3,232	(32)	2,077
Total debt service	<u>-</u>	<u>36,500</u>	<u>36,544</u>	<u>(44)</u>	<u>58,301</u>
Total expenditures	<u>\$2,020,745</u>	<u>\$2,394,637</u>	<u>\$2,454,239</u>	<u>\$ (59,602)</u>	<u>\$2,286,391</u>

CITY OF MARKSVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Other Financing Sources (Uses)
Year Ended June 30, 2004
With Comparative Actual Amounts for Year Ended June 30, 2003

	2004			Variance with Final Budget Positive (Negative)	2003 Actual
	Budget		Actual		
	Original	Final			
Other financing sources (uses):					
Proceeds from capital lease	\$ -	\$ 137,987	\$ 137,987	\$ -	\$ -
Transfers from other funds -					
1% Sales Tax Fund	450,000	495,000	540,000	45,000	435,000
1/2% Sales Tax Fund	370,000	430,000	470,000	40,000	368,000
Public Safety Tax Fund	478,000	305,000	335,000	30,000	311,000
Other	-	500	-	(500)	1,317
Transfers to other funds -					
Other	(123,000)	-	(7,984)	(7,984)	(8,000)
Total other financing sources (uses)	<u>\$1,175,000</u>	<u>\$1,368,487</u>	<u>\$1,475,003</u>	<u>\$106,516</u>	<u>\$1,107,317</u>

NONMAJOR GOVERNMENTAL FUNDS

CITY OF MARKSVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2004
With Comparative Totals for June 30, 2003

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>	
			<u>2004</u>	<u>2003</u>
ASSETS				
Cash	\$ -	\$ 2,006	\$ 2,006	\$ 2,006
Interest-bearing deposits, at cost	721,645	82,962	804,607	1,609,188
Receivables:				
Due from other funds	-	31,013	31,013	31,013
Other	-	-	-	300
Prepaid interest	<u>3,555</u>	<u>-</u>	<u>3,555</u>	<u>6,187</u>
Total assets	<u>\$725,200</u>	<u>\$ 115,981</u>	<u>\$841,181</u>	<u>\$1,648,694</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 5,060
Contracts payable	-	-	-	164,867
Retainage payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,170</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,097</u>
Fund balances:				
Reserved for debt service	547,170	-	547,170	742,413
Unreserved, designated for subsequent years' expenditures	<u>178,030</u>	<u>115,981</u>	<u>294,011</u>	<u>696,184</u>
Total fund balances	<u>725,200</u>	<u>115,981</u>	<u>841,181</u>	<u>1,438,597</u>
Total liabilities and fund balances	<u>\$725,200</u>	<u>\$ 115,981</u>	<u>\$841,181</u>	<u>\$1,648,694</u>

CITY OF MARKSVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2004
With Comparative Totals for June 30, 2003

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>	
			<u>2004</u>	<u>2003</u>
Revenues:				
Taxes	\$ 115,147	\$ -	\$ 115,147	\$ 126,268
Intergovernmental	-	-	-	1,033,625
Miscellaneous	<u>17,137</u>	<u>2,146</u>	<u>19,283</u>	<u>35,792</u>
Total revenues	<u>132,284</u>	<u>2,146</u>	<u>134,430</u>	<u>1,195,685</u>
Expenditures:				
Current -				
General government	<u>10,777</u>	<u>1,012</u>	<u>11,789</u>	<u>260,283</u>
Capital outlay	<u>-</u>	<u>1,159</u>	<u>1,159</u>	<u>887,558</u>
Debt service -				
Principal retirement	377,000	-	377,000	355,000
Interest	120,167	-	120,167	139,470
Other	<u>2,084</u>	<u>-</u>	<u>2,084</u>	<u>3,151</u>
Total debt service	<u>499,251</u>	<u>-</u>	<u>499,251</u>	<u>497,621</u>
Total expenditures	<u>510,028</u>	<u>2,171</u>	<u>512,199</u>	<u>1,645,462</u>
Deficiency of revenues over expenditures	<u>(377,744)</u>	<u>(25)</u>	<u>(377,769)</u>	<u>(449,777)</u>
Other financing sources (uses):				
Transfers in	359,989	72,396	432,385	914,179
Transfers out	<u>(178,568)</u>	<u>(473,464)</u>	<u>(652,032)</u>	<u>(48,149)</u>
Total financing sources (uses)	<u>181,421</u>	<u>(401,068)</u>	<u>(219,647)</u>	<u>866,030</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(196,323)	(401,093)	(597,416)	416,253
Fund balances, beginning	<u>921,523</u>	<u>517,074</u>	<u>1,438,597</u>	<u>1,022,344</u>
Fund balances, ending	<u>\$ 725,200</u>	<u>\$ 115,981</u>	<u>\$ 841,181</u>	<u>\$ 1,438,597</u>

NONMAJOR DEBT SERVICE FUNDS

Water and Sewer System Improvement Bonds

To accumulate monies for repayment of the \$1,968,000 Water System Improvements 1982-B series bonds, \$700,000 Sewer System Improvement 1982-A series bonds and the \$329,000 Sewer System Improvement

Street Improvement Bonds

To accumulate monies for repayment of the \$1,100,000 Sales Tax Bonds, Series 1986, which are to be paid from the 1/2% Sales Tax Fund revenues for which proceeds were dedicated to street improvements.

Sewer Improvement Bonds

To accumulate monies for repayment of the \$1,200,000 Sewer System Improvements, Series 1992, which are financed by a dedicated property tax levy.

Public Safety Bonds

To accumulate monies for repayment of the \$1,520,000 Sales Tax Bonds, Series 1987, which are to be paid from 1/2% Sales Tax Fund revenues for which proceeds were dedicated to acquiring, constructing, maintenance, and operating of fire and police protection for the City.

Police Station Bonds

To accumulate monies for repayment of the \$260,000 Police Station Bond, Series 2001, which is financed by general operations.

CITY OF MARKSVILLE, LOUISIANA
 Nonmajor Debt Service Funds

Combining Balance Sheet

June 30, 2004

With Comparative Totals for June 30, 2003

	Water and Sewer Improvement Bond	Street Improvement Bond	Sewer Improvement Bond	Public Safety Bond	Police Station Bond	Totals
						2004 2003
ASSETS						
Interest - bearing deposits	\$ 208,920	\$ 178,030	\$ 131,105	\$ 180,293	\$ 23,297	\$ 721,645 \$ 915,036
Receivables:						
Other	-	-	-	-	-	- 300
Prepaid interest	-	-	-	-	3,555	- 6,187
Total assets	<u>\$ 208,920</u>	<u>\$ 178,030</u>	<u>\$ 131,105</u>	<u>\$ 180,293</u>	<u>\$ 26,852</u>	<u>\$ 725,200</u> <u>\$ 921,523</u>
LIABILITIES AND FUND BALANCES						
Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:						
Reserved for debt service	208,920	-	131,105	180,293	26,852	547,170 742,413
Designated	-	178,030	-	-	-	178,030 179,110
Total fund balances	<u>208,920</u>	<u>178,030</u>	<u>131,105</u>	<u>180,293</u>	<u>26,852</u>	<u>725,200</u> <u>921,523</u>
Total liabilities and fund balances	<u>\$ 208,920</u>	<u>\$ 178,030</u>	<u>\$ 131,105</u>	<u>\$ 180,293</u>	<u>\$ 26,852</u>	<u>\$ 725,200</u> <u>\$ 921,523</u>

CITY OF MARKSVILLE, LOUISIANA
 Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Year Ended June 30, 2004
 With Comparative Totals for Year Ended June 30, 2003

	Water Sewer Improvement Bond	Street Improvement Bond	Sewer Improvement Bond	Public Safety Bond	Police Station Bond	Totals
	2004	2004	2003	2003	2004	2003
Revenues:						
Taxes - ad valorem	\$ -	\$ -	\$ 115,147	\$ -	\$ -	\$ 126,268
Miscellaneous - interest	7,437	3,458	823	5,192	227	24,612
Total revenues	7,437	3,458	115,970	5,192	227	150,880
Expenditures:						
Current -						
General government:						
Professional fees	1,719	1,719	2,719	1,719	2,901	9,050
Debt service -						
Principal retirement	230,000	-	65,000	60,000	22,000	355,000
Interest	11,500	-	31,313	64,980	12,374	139,470
Other	7	-	1,000	1,077	-	3,151
Total debt service	241,507	-	97,313	126,057	34,374	497,621
Total expenditures	243,226	1,719	100,032	127,776	37,275	506,671
Excess (deficiency) of revenues over expenditures	(235,789)	1,739	15,938	(122,584)	(37,048)	(355,791)
Other financing sources (uses):						
Transfers in	185,905	-	-	129,600	44,484	420,972
Transfers out	(171,387)	(2,819)	-	(4,362)	-	(13,731)
Total other financing sources (uses)	14,518	(2,819)	-	125,238	44,484	407,241
Excess (deficiency) of revenues and other sources over expenditures and other uses	(221,271)	(1,080)	15,938	2,654	7,436	51,450
Fund balances, beginning	430,191	179,110	115,167	177,639	19,416	870,073
Fund balances, ending	\$ 208,920	\$ 178,030	\$ 131,105	\$ 180,293	\$ 26,852	\$ 921,523

CITY OF MARKSVILLE, LOUISIANA
 Nonmajor Debt Service Fund
 Water & Sewer Improvement Bond

Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (GAAP Basis) and Actual
 Year Ended June 30, 2004
 With Comparative Actual Amounts for Year Ended June 30, 2003

	2004		Variance - Favorable (Unfavorable)	2003 Actual
	Budget	Actual		
Revenues:				
Miscellaneous - interest	\$ 7,300	\$ 7,437	\$ 137	\$ 10,531
Expenditures:				
Current -				
General government:				
Professional fees	1,719	1,719	-	1,645
Debt service -				
Principal retirement	230,000	230,000	-	218,000
Interest	11,500	11,500	-	22,400
Other	6	7	(1)	4
Total debt service	241,506	241,507	(1)	240,404
Total expenditures	243,225	243,226	(1)	242,049
Deficiency of revenues over expenditures	(235,925)	(235,789)	138	(231,518)
Other financing sources (uses):				
Transfers in	175,905	185,905	10,000	254,172
Transfers out	(171,387)	(171,387)	-	(5,046)
Total other financing sources (uses)	4,518	14,518	10,000	249,126
Excess (deficiency) of revenues and other sources over expenditures and other uses	(231,407)	(221,271)	10,138	17,608
Fund balance, beginning	430,191	430,191	-	412,583
Fund balance, ending	\$ 198,784	\$208,920	\$10,136	\$430,191

CITY OF MARKSVILLE, LOUISIANA
 Nonmajor Debt Service Fund
 Street Improvement Bond

Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (GAAP Basis) and Actual
 Year Ended June 30, 2004
 With Comparative Actual Amounts for Year Ended June 30, 2003

	2004		Variance - Favorable (Unfavorable)	2003 Actual
	Budget	Actual		
Revenues:				
Miscellaneous - interest	\$ 3,400	\$ 3,458	\$ 58	\$ 4,722
Expenditures:				
Current -				
General government:				
Professional fees	<u>1,719</u>	<u>1,719</u>	-	<u>1,970</u>
Excess of revenues over expenditures	1,681	1,739	58	2,752
Other financing uses:				
Transfers out	<u>(2,819)</u>	<u>(2,819)</u>	-	<u>(4,199)</u>
Deficiency of revenues over expenditures and other uses	(1,138)	(1,080)	58	(1,447)
Fund balance, beginning	<u>179,110</u>	<u>179,110</u>	-	<u>180,557</u>
Fund balance, ending	<u>\$ 177,972</u>	<u>\$ 178,030</u>	<u>\$ 58</u>	<u>\$ 179,110</u>

CITY OF MARKSVILLE, LOUISIANA
 Nonmajor Debt Service Fund
 Sewer Improvement Bond

Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (GAAP Basis) and Actual
 Year Ended June 30, 2004
 With Comparative Actual Amounts for Year Ended June 30, 2003

	2004		Variance - Favorable (Unfavorable)	2003 Actual
	Budget	Actual		
Revenues:				
Taxes - ad valorem	\$ 115,269	\$ 115,147	\$ (122)	\$ 126,268
Miscellaneous - interest	850	823	(27)	3,580
Total revenues	<u>116,119</u>	<u>115,970</u>	<u>(149)</u>	<u>129,848</u>
Expenditures:				
Current -				
General government:				
Professional fees	<u>2,719</u>	<u>2,719</u>	<u>-</u>	<u>1,645</u>
Debt service -				
Principal retirement	65,000	65,000	-	61,000
Interest	31,313	31,313	-	33,930
Other	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>2,354</u>
Total debt service	<u>97,313</u>	<u>97,313</u>	<u>-</u>	<u>97,284</u>
Total expenditures	<u>100,032</u>	<u>100,032</u>	<u>-</u>	<u>98,929</u>
Excess of revenues over expenditures	16,087	15,938	(149)	30,919
Fund balance, beginning	<u>115,167</u>	<u>115,167</u>	<u>-</u>	<u>84,248</u>
Fund balance, ending	<u>\$ 131,254</u>	<u>\$ 131,105</u>	<u>\$ (149)</u>	<u>\$ 115,167</u>

CITY OF MARKSVILLE, LOUISIANA
 Nonmajor Debt Service Fund
 Public Safety Bond

Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (GAAP Basis) and Actual
 Year Ended June 30, 2004
 With Comparative Actual Amounts for Year Ended June 30, 2003

	2004		Variance -	2003
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Miscellaneous - interest	\$ 5,100	\$ 5,192	\$ 92	\$ 5,562
Total revenues				
Expenditures:				
Current -				
General government:				
Professional fees	1,719	1,719	-	2,145
Debt service -				
Principal retirement	60,000	60,000	-	55,000
Interest	64,980	64,980	-	69,580
Other	610	1,077	(467)	543
Total debt service	125,590	126,057	(467)	125,123
Total expenditures	127,309	127,776	(467)	127,268
Deficiency of revenues over expenditures	(122,209)	(122,584)	(375)	(121,706)
Other financing sources (uses):				
Transfers in	118,800	129,600	10,800	129,600
Transfers out	(4,118)	(4,362)	(244)	(4,486)
Total other financing sources (uses)	114,682	125,238	10,556	125,114
Excess (deficiency) of revenues and other sources over expenditures and other uses	(7,527)	2,654	10,181	3,408
Fund balance, beginning	177,639	177,639	-	174,231
Fund balance, ending	\$ 170,112	\$ 180,293	\$10,181	\$ 177,639

CITY OF MARKSVILLE, LOUISIANA
 Nonmajor Debt Service Fund
 Police Station Bond

Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (GAAP Basis) and Actual
 Year Ended June 30, 2004
 With Comparative Actual Amounts for Year Ended June 30, 2003

	2004		Variance - Favorable (Unfavorable)	2003 Actual
	Budget	Actual		
Revenues:				
Miscellaneous - interest	\$ 225	\$ 227	\$ 2	\$ 217
Expenditures:				
Current -				
General government:				
Professional fees	2,901	2,901	-	1,645
Debt service -				
Principal retirement	22,000	22,000	-	21,000
Interest	12,380	12,374	6	13,560
Other	300	-	300	250
Total debt service	34,680	34,374	306	34,810
Total expenditures	37,581	37,275	306	36,455
Deficiency of revenues over expenditures	(37,356)	(37,048)	308	(36,238)
Other financing sources:				
Transfers in	41,484	44,484	3,000	37,200
Excess of revenues and other sources over expenditures	4,128	7,436	3,308	962
Fund balance, beginning	19,416	19,416	-	18,454
Fund balance, ending	\$ 23,544	\$ 26,852	\$ 3,308	\$ 19,416

NONMAJOR CAPITAL PROJECTS FUNDS

1992 Sewer Project Fund

To account for monies appropriated from various sources to be used to finance the acquisitions and construction of sewer system upgrades and improvements primarily in Sewer District No. 1.

East Side Sewer Capital Project

To account for monies received through a Demonstrated Needs Louisiana Community Development Block Grant for sewer line replacement, repairs, and extensions in the City. As of June 30, 1998, this fund had no assets or liabilities.

CITY OF MARKSVILLE, LOUISIANA
Nonmajor Capital Projects Funds

Combining Balance Sheet
June 30, 2004
With Comparative Totals as of June 30, 2003

	<u>Capital Outlay Fund</u>	<u>1992 Sewer Project Fund</u>	<u>Totals</u>	
			<u>2004</u>	<u>2003</u>
ASSETS				
Cash	\$ 2,006	\$ -	\$ 2,006	\$ 2,006
Interest-bearing deposits	82,962	-	82,962	694,152
Receivables:				
Due from other funds	<u>15,377</u>	<u>15,636</u>	<u>31,013</u>	<u>31,013</u>
Total assets	<u>\$100,345</u>	<u>\$15,636</u>	<u>\$115,981</u>	<u>\$727,171</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 5,060
Contracts payable	-	-	-	164,867
Retainage payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,170</u>
Total liabilities	-	-	-	\$210,097
Fund balances:				
Unreserved -				
Designated for capital expenditures	<u>100,345</u>	<u>15,636</u>	<u>115,981</u>	<u>517,074</u>
Total liabilities and fund balances	<u>\$100,345</u>	<u>\$15,636</u>	<u>\$115,981</u>	<u>\$727,171</u>

CITY OF MARKSVILLE, LOUISIANA
Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Capital Outlay Fund	1992 Sewer Project Fund	<u>Totals</u>	
			2004	2003
Revenues:				
Intergovernmental -				
Federal grants	\$ -	\$ -	\$ -	\$ 95,405
Tunica Biloxi Tribe of Louisiana	-	-	-	938,220
Miscellaneous -				
Interest earned	<u>2,146</u>	<u>-</u>	<u>2,146</u>	<u>11,180</u>
Total revenues	<u>2,146</u>	<u>-</u>	<u>2,146</u>	<u>1,044,805</u>
Expenditures:				
Current -				
General government	1,012	-	1,012	251,233
Capital outlay	<u>1,159</u>	<u>-</u>	<u>1,159</u>	<u>887,558</u>
Total expenditures	<u>2,171</u>	<u>-</u>	<u>2,171</u>	<u>1,138,791</u>
Deficiency of revenues over expenditures	<u>(25)</u>	<u>-</u>	<u>(25)</u>	<u>(93,986)</u>
Other financing sources (uses):				
Transfers in	72,396	-	72,396	493,207
Transfers out	<u>(473,464)</u>	<u>-</u>	<u>(473,464)</u>	<u>(34,418)</u>
Total other financing sources (uses)	<u>(401,068)</u>	<u>-</u>	<u>(401,068)</u>	<u>458,789</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(401,093)	-	(401,093)	364,803
Fund balances, beginning	<u>501,438</u>	<u>15,636</u>	<u>517,074</u>	<u>152,271</u>
Fund balances, ending	<u>\$100,345</u>	<u>\$15,636</u>	<u>\$ 115,981</u>	<u>\$ 517,074</u>

CITY OF MARKSVILLE, LOUISIANA
Nonmajor Capital Projects Fund
Capital Outlay Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended June 30, 2004
With Comparative Actual Amounts for Year Ended June 30, 2003

	2004		Variance - Favorable (Unfavorable)	2003 Actual
	Budget	Actual		
Revenues:				
Intergovernmental -	\$ -	\$ -	\$ -	\$ 938,220
Tunica Biloxi Tribe of Louisiana				
Miscellaneous - interest	<u>2,100</u>	<u>2,146</u>	<u>46</u>	<u>11,180</u>
Total revenues	<u>2,100</u>	<u>2,146</u>	<u>46</u>	<u>949,400</u>
Expenditures:				
Current -				
General government:				
Professional fees	29,500	-	29,500	100,991
Miscellaneous	<u>1,090</u>	<u>1,012</u>	<u>78</u>	<u>2,448</u>
Total general government	30,590	1,012	29,578	103,439
Capital outlay	<u>26,500</u>	<u>1,159</u>	<u>25,341</u>	<u>887,558</u>
Total expenditures	<u>57,090</u>	<u>2,171</u>	<u>54,919</u>	<u>990,997</u>
Deficiency of revenues over expenditures	<u>(54,990)</u>	<u>(25)</u>	<u>54,965</u>	<u>(41,597)</u>
Other financing sources (uses):				
Transfers in	71,500	72,396	896	440,940
Transfers out	<u>(50,000)</u>	<u>(473,464)</u>	<u>(423,464)</u>	<u>(34,418)</u>
Total other financing sources (uses)	<u>21,500</u>	<u>(401,068)</u>	<u>(422,568)</u>	<u>406,522</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(33,490)	(401,093)	(367,603)	364,925
Fund balance, beginning	<u>501,438</u>	<u>501,438</u>	<u>-</u>	<u>136,513</u>
Fund balance, ending	<u>\$ 467,948</u>	<u>\$ 100,345</u>	<u>\$ (367,603)</u>	<u>\$ 501,438</u>

CITY OF MARKSVILLE, LOUISIANA
Nonmajor Capital Projects Fund
Capital Outlay Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended June 30, 2004
With Comparative Actual Amounts for Year Ended June 30, 2003

	2004		Variance - Favorable (Unfavorable)	2003 Actual
	Budget	Actual		
Revenues:				
Intergovernmental -	\$ -	\$ -	\$ -	\$ 938,220
Tunica Biloxi Tribe of Louisiana				
Miscellaneous - interest	<u>2,100</u>	<u>2,146</u>	<u>46</u>	<u>11,180</u>
Total revenues	<u>2,100</u>	<u>2,146</u>	<u>46</u>	<u>949,400</u>
Expenditures:				
Current -				
General government:				
Professional fees	29,500	-	29,500	100,991
Miscellaneous	<u>1,090</u>	<u>1,012</u>	<u>78</u>	<u>2,448</u>
Total general government	30,590	1,012	29,578	103,439
Capital outlay	<u>26,500</u>	<u>1,159</u>	<u>25,341</u>	<u>887,558</u>
Total expenditures	<u>57,090</u>	<u>2,171</u>	<u>54,919</u>	<u>990,997</u>
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Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(33,490)</u>	<u>(401,093)</u>	<u>(367,603)</u>	<u>364,925</u>
Fund balance, beginning	<u>501,438</u>	<u>501,438</u>	<u>-</u>	<u>136,513</u>
Fund balance, ending	<u>\$467,948</u>	<u>\$ 100,345</u>	<u>\$(367,603)</u>	<u>\$ 501,438</u>

CITY OF MARKSVILLE
Enterprise Funds
Utility Funds

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2004

Records maintained by the City indicated the following number of customers were being served during the month of June 2003 :

<u>Department</u>	<u>2004</u>	<u>2003</u>
Water:		
Commercial	263	258
Residential	<u>2,224</u>	<u>2,218</u>
Total	<u>2,487</u>	<u>2,476</u>
Sewerage:		
Commercial	258	253
Residential	<u>2,016</u>	<u>2,002</u>
Total	<u>2,274</u>	<u>2,255</u>

CITY OF MARKSVILLE

Schedule of Insurance in Force
(Unaudited)
June 30, 2004

<u>Description of Coverage</u>	<u>Asset Covered</u>	<u>Insurance Company</u>	<u>Policy Number</u>	<u>Expiration Date</u>
Workmen's Comp	Employees	LWCC	87764-B	9/30/2004
Fire	Fire Station	UNITRIN	CFA-109105636	4/22/2005
	Tourist Center	Bordelon Insurance	CMP0000021	2/23/2005
	Vacant Lot	Bordelon Insurance	GL B0331	10/28/2004
Auto Liability	Fleet	Risk Management	LML-0346	1/1/2006
Blanket Bond	Waterworks	Delta Insurance	1451283	9/17/2004
	Mayor	Universal Surety	LA1161201	7/1/2004
	Alderman	Universal Surety	LA1161202	7/1/2004
	Clerk	Western Surety	68715502	4/8/2005
	Manager	Western Surety	68715492	4/7/2005
	Waterworks	Western Surety	68967574	2/10/2005
	Waterworks	Delta Insurance	12395480	5/17/2004
	Notary	Delta Insurance	18279340	9/17/2004
Commercial Property	City Hall Police Station	Allstate Insurance	49798323	6/18/2005

CITY OF MARKSVILLE

Schedule of Mayor and Board of Aldermen
(Unaudited)
June 30, 2004

<u>Elected Official</u>	<u>Office</u>	<u>Term</u>	<u>Expiration</u>
Richard R. Michel 742 North Main Street Marksville, LA 71351 (318) 253-6017	Mayor	4 years	6/30/2006
Janet D. Gros 663 West Bontemps Street Marksville, LA 71351 (318) 253-7335	Alderman	4 years	6/30/2006
Dale J. Bernard 1046 North Preston Street Marksville, LA 71351 (318) 253-7379	Alderman	4 years	6/30/2006
Alfred W. Channel 651 Martin Luther King Drive Marksville, LA 71351 (318) 253-9640	Alderman	4 years	6/30/2006
Joyce L. Prier 613 Richielieu Parkway Marksville, LA 71351 (318) 253-7076	Alderman	4 years	6/30/2006
Richard Tassin 760 S. Main St. Marksville, LA 71351 (318) 253-6803	Alderman	4 years	6/30/2006

**COMPLIANCE
AND
INTERNAL CONTROL**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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MEMBER OF:
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CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

* A Professional Accounting Corporation

The Honorable Mayor Richard R. Michel, M.D. and
The Board of Aldermen
City of Marksville, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Marksville, 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 October 7, 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.

Compliance

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, 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 that are required to be reported under Government Auditing Standards*.

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 opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described as item 04-1(IC) in the accompanying summary schedule of current and prior year audit findings and corrective action plan.

183 South Beadle Road
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Phone (337) 232-4141
Fax (337) 232-8660

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Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

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Marksville, LA 71351
Phone (318) 253-9252
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Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

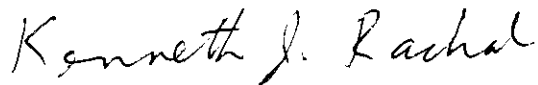
408 W. Cotton Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness. We also noted another matter involving the internal control over financial reporting that we have reported to management in a separate letter dated October 7, 2004.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Handwritten signature of Kenneth J. Rachel in cursive script.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Marksville, Louisiana
October 7, 2004

CITY OF MARKSVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
June 30, 2004

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>CURRENT YEAR (06/30/04) --</u>						
<u>Compliance:</u>						
		The City paid an employee for sick leave which was not yet earned. This is a violation of LSA-RS 42:1111	Yes	As of December 28, 2004 the City no longer has any advanced sick leave.	Richard Michel, M.D., Mayor	N/A
<u>Internal Control:</u>						
04-1(IC)	1998	Due to the small number of accounting employees, the City did not have adequate segregation of functions within the accounting system.	N/A	Based upon the size of the accounting operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	Richard Michel, M.D., Mayor	N/A
<u>PRIOR YEAR (06/30/03) --</u>						
<u>Compliance:</u>						
None noted.						
<u>Internal Control:</u>						
03-1(IC)	1998	Due to the small number of accounting employees, the City did not have adequate segregation of functions within the accounting system.	N/A	Based upon the size of the accounting operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	Richard Michel, M.D., Mayor	N/A